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FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,790 Friday June 4 1982 ***30p

CONTINENTAL SELLING PRICES: AUSTRIA Sch. 15; BELGIUM Fr 35; DENMARK Kr 6.50; FRANCE Fr 6.00; GERMANY DM 2.0; ITALY L 1,000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 60; SPAIN Pta 85; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 50p; MALTA 30c

TEAMWORK IN CONSTRUCTION, ENGINEERING, DESIGN AND ENERGY-WORLDWIDE.
TAYLOR WOODROW

NEWS SUMMARY

GENERAL

Spanish officers jailed for 30 years

Two ringleaders of Spain's abortive coup in February last year received 30-year jail terms.

General Jaime Milans del Bosch and Colonel Antonio Tejero were both given maximum sentences. But the 17-man military tribunal in Madrid were more lenient with others involved.

General Alfonso Armada, an adviser to the King, was jailed for six years although the prosecution called for a 30-year sentence. Eleven officers were absolved completely. Back Page

Skeletons found

Nearly 1,000 skeletons, including those of children, were found near an old French fort in Algeria. A doctor said they were buried about 20-25 years ago.

Ecevit 'freed'

An Ankara military court freed former Turkish premier Bulent Ecevit, who has been held for two months, but he still faces charges of giving false information to foreigners.

Knife rampage

A mentally ill man in Hong Kong stabbed his wife and mother to death before running amok in a kindergarten slashing 33 children, one fatally, and five adults, before being overpowered.

Italians riot

Thousands of rioters battled with police in Nocera, near Naples, after their football team missed promotion. Police said rioters burned 15 buses and stoned an express train.

Loren release

Sophia Loren is expected to be freed from an Italian jail today, on parole, after serving half her 30-day sentence, imposed for a tax offence.

Moscow move

Sir Iain Sutherland has been appointed ambassador to the Soviet Union. He was previously ambassador to Greece and succeeds Sir Curtis Keeble who retires.

Hospitals to be hit

Health Service unions have called a 24-hour strike today over their 12 per cent pay claim. The Royal College of Nurses is to give results, today, of ballots on a 6.4 per cent pay offer. Page 13

Jobcentre call

A major review of the Jobcentre network was proposed by a study team from the Manpower Services Commission. Page 12

Uranium deal

Uranium for British nuclear power generation is being sent to the Soviet Union for enrichment, the Central Electricity Generating Board confirmed, at the pre-Sizewell inquiry meeting.

Cans plan

Alcoa is widening its Cash-a-Can scheme to recycle aluminium. Under the scheme the company pays 40p a kilo for empty all-aluminium drinks cans. Page 10

England win

England beat Finland 4-1, in Helsinki, in a soccer international. Scorers were Paul Mariner (2), Bryan Robson (2).

Briefly . . .

China pardoned 290 Nationalist prisoners arrested nearly 30 years ago.

Petition, said to be the largest ever prepared in Britain, with 2.25m names, was handed in at Downing Street, to protest at Canada's seal cull.

Body of a boy, 10, who went missing on the Isle of Skye, has been found at base of a cliff.

Left-wing guerrillas in Tehran killed two policemen in a machine-gun attack.

BUSINESS

$ weaker again; firm tone in gilts

● STERLING rose 60 points to $1.7985, FFr 11.095 (FFr 11.045) and SwFr 3.6325 (SwFr 3.62). Its was unchanged at DM 4.245 and fell to Y436.5 (Y438.5). Its trade-weighted index was unchanged at 90.7. Page 34

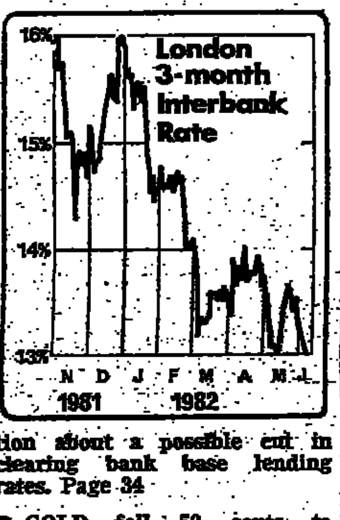
● DOLLAR weakened to DM 2.359 (DM 2.3675) and Y242.75 (Y244.75). But it rose to FFr 6.1725 (FFr 6.165) and SwFr 2.019 (SwFr 2.0175). Its index eased to 115.1 (115.7). Page 34

● GILTS advancing on sterling's firmness and the slight easing in short-term interest rates. The FT Government Securities index rose 0.32 to a 14-month peak of 70.08. Page 33

● EQUITIES edged higher in a thin market. The FT 30-share index gained 1.7 to 586.8. Page 33

● WALL STREET was down 2.57 at 814.31 near the close. Page 32

● THREE-MONTH interbank money fell to 13 per cent from 13 1/8 per cent, reviving specula-



tion about a possible cut in clearing bank base lending rates. Page 34

● GOLD fell 50 cents to $320.375 in London. In New York, the Comex June close was $317.60. Page 30

● BRITISH NORTH SEA oil output now exceeds 2m barrels a day making UK the world's sixth biggest oil producer. Page 12

● ELECTRICITY prices paid by British industry and commerce are among the highest in the world, says an energy pricing report. Page 12

● COMPANY LI[illegible] increased considerat[illegible] first three months of 1[illegible]

● NATIONAL Com[illegible] Centre is launching a £150,000 programme to spread more effective use of computers by industry. Page 10

● UK GOVERNMENT has protested to Italy over attempts to interfere with free access of Japanese-designed Triumph Acclaims. Back Page

● SOCIAL DEMOCRATIC Party's policy committees are drawing up plans for industrial relations legislation and union reforms. Page 9

● IRISH Finance Bill contains a number of concessions compared with the March budget provisions. Page 2

● POLICE were called in to break up scuffles between stewards and shareholders at the annual meeting of Rio Tinto-Zinc mining group. Back Page

● SHELL CHEMICAL [illegible] it to axe 1,000 jobs and c[illegible] the 270,000 tonnes of petro[illegible]cal output capacity at Carrington, Cheshire. Page 9

● BEECHAM GROUP pre-tax profits for the year to March 31 rose sharply to £201.9m from £150.6m previously. Page 22; Lex, Back Page

● ELECTRONIC RENTALS Group is planning to raise £35m through acquiring an investment trust. Page 22; Lex, Back Page

● REED INTERNATIONAL is to close its Crown Wallpaper factory at Bredbury, near Manchester. Page 9

Thatcher and Reagan in Paris meeting on Falklands crisis

BY MARGARET VAN HATTEM AND DAVID TONGE

THE Prime Minister and President Ronald Reagan will meet in Paris this afternoon for talks on the Falklands crisis, before proceeding to the economic summit at Versailles.

No. 10 confirmed last night that Mrs Thatcher had brought forward her departure from London to accommodate the meeting at which she is expected to sound out Mr Reagan on the possibility of U.S. participation in a multinational peacekeeping force to defend the islands after their recapture.

Mr Reagan is expected to press Mrs Thatcher to allow more time for the negotiation of a ceasefire before British troops attempt to recapture Port Stanley. However, the Government remains adamant that there can be no question of a ceasefire without a full supervised Argentine withdrawal.

It was stressed yesterday that any delay in an attack on the Argentine garrison was due to operational, not political, factors and that the decision to proceed rests with Rear Admiral Sandy Woodward, the commander in chief of the task force.

Mrs Thatcher outlined her own proposals in a radio broadcast, relayed on Wednesday night by the Central Office of Information to nine Latin American countries, in which she suggested that Britain, the U.S. and one other Latin American country should form a peacekeeping force.

British officials are increasingly worried about air or sea attacks by Argentina after Britain regains control of the islands. One of the aims behind British proposals for a multinational force is understood to be the need to deter Argentine reprisal raids.

Mrs Thatcher is believed

FALKLANDS WEATHER: Wind NE Force 7 (30 knots); 12ft waves. Frequent rain showers. Temp mid 40sF. OUTLOOK: Wind NE gusting to Force 8 (40 knots); 15ft waves. Cloudy with showers. Temp high 30sF.

already to have explained her ideas to President Reagan, but there appears to be little enthusiasm for the suggestion in Washington.

Mr Alexander Haig, the U.S. Secretary of State, said in Paris yesterday it was "too early to say" whether the U.S. would be prepared to take part in a multinational force.

British ministers have still to make any firm decisions on the long-term status of the islands, but Mrs Thatcher has let it be known she will not contemplate any Argentine participation in their future running. She also opposes any suggestion of United Nations trusteeship for the islands.

In her broadcast, Mrs Thatcher spoke of Britain's determination "to try to mend fences" once the hostilities ended. She hinted that British investment in developing the islands' economy, particularly their oil resources would be to the advantage of other countries in the area.

She added that Britain would then "try to get closer to Latin America, which is such a tremendously important part of the world."

The inner cabinet met for over an hour yesterday morning just before a two-hour meeting of the full cabinet to review the situation.

Our United Nations correspondent adds from New York: A proposal by Spain and Panama that the UN Security Council call for an immediate ceasefire in the Falklands was revised yesterday to include an implicit request that Argentina withdraw its forces simultaneously.

The new text was not put to a vote immediately, because the British and U.S. delegates, Sir Anthony Parsons and Mrs Jeanne Kirkpatrick, both said they had to obtain instructions.

The British Government was resolutely opposed to the original motion.

Sir Anthony said the revised motion was an improvement on the previous unconditional call for a ceasefire, which he threatened to veto, but it still did not specifically mention Argentine withdrawal.

The revised text would have the council request "the parties simultaneously to commence a ceasefire and the implemention of resolutions 502 (1982) and 505 (1982) in their entirety."

Resolution 502, adopted on April 3 at Britain's initiative, called for an end to hostilities, Argentine withdrawal and a negotiated settlement.

There was no hint from Argentine officials at the UN of any shift in the junta's negotiating position, despite reports from Buenos Aires that two senior military officers who arrived in New York on Wednesday had instructions to offer 11th-hour concessions.

Sr Javier Perez de Cuellar, the UN Secretary-General, who informed the Security Council on Wednesday that his second intensive peace effort had failed but that he would "maintain contact" with the two sides, had no appointment yesterday with either of them.

Falklands Crisis, Page 4

U.S. urges fiscal plan co-operation at eve of summit

BY REGGIE DALE IN PARIS

THE U.S. will detail proposals for closer co-operation on economic, monetary and fiscal policies at the seven-nation Versailles summit conference which starts tonight, Mr Donald Regan, the U.S. Secretary at the Treasury, said here yesterday.

As the leaders of the participating countries — the U.S., the UK, France, West Germany, Italy, Canada and Japan — gathered for their eighth annual economic summit, Mr Regan repeated U.S. calls for greater collective scrutiny of the industrialised countries' economies. He was referring particularly to domestic *monetary and fiscal policies*, and said the main aim should be to control inflation.

Mr Regan said the International Monetary Fund (IMF) should be the "instrument of observation" of the divergent Western economies and called for more frequent meetings by the finance ministers of the leading industrialised countries. He stressed, however, that nobody was going to tell a government how to run its economy and that recommendations would not be binding.

If such co-operation could take place, he said, there would be no need for the kind of intervention on foreign exchange markets sought by European countries. He saw no need at present for the U.S. to intervene to bring down what many European governments regard as an excessively high rate for the dollar, and said that, in any case, there was not enough money available to do so.

Mr Reagan conceded in an interview that the dollar might be "a little bit stronger than it should be." But he said that he was not going to try to talk it down and intended to rely on the market place to set its value.

The study of the effectiveness of intervention in determining long-term exchange rates, which the U.S. will propose at Versailles, could be a historic step, Mr Regan said. The study should draw on the experience

Continued on Back Page

UK to drop surrender call leaflets

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITAIN is planning to drop leaflets on the Argentine garrison at Port Stanley, the Falklands capital, to urge the troops to surrender.

The news that Harrier fighters from the task-force were equipped with the leaflets, as well as with normal loads of bombs and missiles, was the only information on military activity in the Falklands to be given by the Defence Ministry in London yesterday.

One of the leaflets now with the task-force calls on the estimated 6,000 to 7,000 Argentine troops to make the "correct and honourable" decision to surrender, like their comrades on South Georgia, which fell to British troops in April.

The other leaflet has on one side a safe-conduct pass in English and Spanish to tell British forces that the bearer has given himself up and should be given food and medical equipment.

On the reverse is an open letter to Gen Mario Menendez, commander of the Argentine garrison, from Rear-Admiral John Woodward, commander of the task force. In it, the admiral says British forces have "established a dominating presence in this area and there can be no prospect of your garrison being relieved." He urges Gen Menendez to surrender to prevent further loss of life.

There was some confusion in London last night as to whether the leaflets had been dropped over Port Stanley. The Defence Ministry said it believed they had been dropped but had no direct confirmation from the task-force. The Ministry and 10 Downing Street said that the decision as to when to drop the leaflets was Adm Woodward's.

The official blackout on news of the situation in and around Port Stanley, continued throughout the day, although it seemed obvious that British troops had consolidated their position near the town and were probably in a position to mount a final attack.

Yesterday evening there were reports from Argentina of pre-dawn skirmishes between British and Argentine units amid snow and fog in the Mount Kent area, where British troops are believed to have established an advance headquarters. Telam, the official Argentine news agency, also spoke of raids by British fighter-bombers on Argentine positions around Port Stanley, and noted that the action was considered a prelude to the expected battle for the town. However, the Defence Ministry could not confirm the reports last night.

In the absence of official comment on the conflict, it was being assumed last night that the Royal Marines and paratroopers had consolidated their positions on the ridge of hills to the west of Stanley, which they had captured this week. The position gave them the key advantage of being able to plot Argentine movement on the coastal plain below, in all except the worst weather.

The Argentine forces were believed to have established a defensive horseshoe, which may include the two lower hills of Tumbledown and Mount William, about four miles west of Stanley. It was not clear whether they held another ridge to the north, but their advance headquarters was believed to be set up at Moody Brook, the former Royal Marine camp to the west of Stanley.

However, since the last news

Continued on Back Page

BRAZILIANS INTERCEPT VULCAN

A ROYAL AIR FORCE Vulcan bomber made an emergency landing at Rio de Janeiro's international airport yesterday morning, after being intercepted in Brazilian airspace.

The Ministry of Defence in London said it was investigating the circumstances.

There has been no official statement from the Brazilian Government.

Vulcan bombers flying from Ascension Island and refuelling in mid-air were used to bomb Port Stanley airport in the first week of May, but are not known to have been used since in the Falklands conflict.

Seven quit Hambros to launch investment bank

BY ALAN FRIEDMAN

SEVEN senior international bankers resigned from Hambros Bank last night and announced plans for an investment bank in London under the umbrella of the Scandinaviska Enskilda Banken (SEB).

The new investment bank, which will begin business early next year with a £15m capital injection from SEB, will be responsible for SEB activities in international capital markets presently handled from Stockholm.

The seven executives are Mr Hamish Leslie Melville, an executive director of Hambros Bank and head of international banking and issuing activities; Mr Christopher Carter, a Hambros director in charge of syndications; Mr Gerard de Geer and Mr Ikke Hamilton, both directors with responsibility for Sweden; Lord Ramsay, a director in charge of syndicated loans; Mr Brian Nelson, head of Hambros Eurobond trading; and Mr Spencer Maizels, manager in charge of new issue documentation.

Mr Rupert Hambro, an executive director on the board of Hambros Bank, will take charge of Hambros' international banking and issuing activities.

Mr Hambro agreed last night that the departures represented the loss of more than half of the bank's senior Euromarket management.

"It is a blow, but certainly not a death blow," he said.

The resignations were "the arm and the leg, but not the body corporate," said Mr Hambro. "It is very sad that we lost so many people, but we are not down and out."

No counter-offer was made to the departing executives. "We were presented with a fait accompli and this is a very restive market," said Mr Hambro.

The resignations had "nothing to do" with any internal matters at the bank and there are "no hard feelings, just disappointment," said Mr Hambro.

£ in New York

–	June 3	Previous
Spot	$1.7950-7965	$1.7880-7895
1 month	0.23-0.27 pm	0.19-0.23 pm
3 months	0.74-0.78 pm	0.60-0.67 pm
12 months	2.70-2.50 pm	2.20-2.35 pm

BP income falls by £304m

BY RAY DAFTER, ENERGY EDITOR

THE NET income of British Petroleum, the UK's biggest industrial company, slumped to £91m in the first three months of this year, a £304m fall on the corresponding period of 1981.

The results were hit by heavy losses in two of the corporation's main businesses, oil refining and chemicals manufacturing. BP said that the results had also been distorted by the historical-cost valuation of stocks.

In the first quarter last year, when oil prices were rising, BP made a notional profit of £436m on stocks held within the group. But in the face of falling prices early this year it made a £34m loss on its stocks.

BP said that when its results were recalculated on a replacement-cost basis, first quarter profits were £102m against only £28m in the first three months of last year.

The corporation felt the impact of the depressed state of the European chemicals and refinery industries, as had been widely expected in the City. BP is heavily dependent on product sales in the UK and Continental markets.

The first quarter saw a £68m (historical cost) loss on refinery and marketing operations, a reversal of the £193m profit obtained in the first three months of last year. Losses on chemical operations rose from £37m in the first quarter last year to £46m.

During the past year BP has been closing loss-making oil refineries and chemical plants in Europe. Nearly a third of its refinery capacity—29m tonnes out of an original total of 100m tonnes—has been closed or earmarked for closure.

BP said yesterday that problems of falling demand and price competition in the European oil products market had been made worse by a

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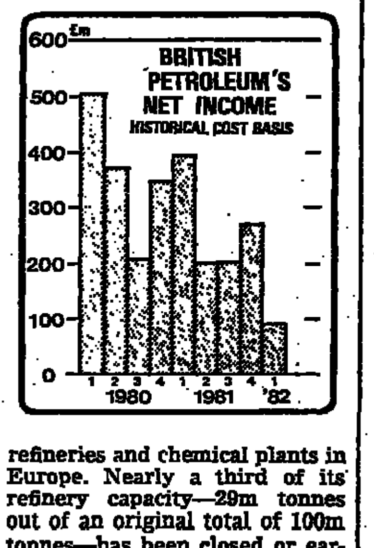


The Shell group has abandoned plans to build two coal gasification plants, costing a total of some £250m, at Moerdijk in Holland and Wilhelmshaven in West Germany. The group gave increased costs and poor market prospects as the main reasons for the decision.

Shell Chemicals to axe jobs, Page 9

North Sea oil output, Page 12

BP results, Page 22

CONTENTS

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

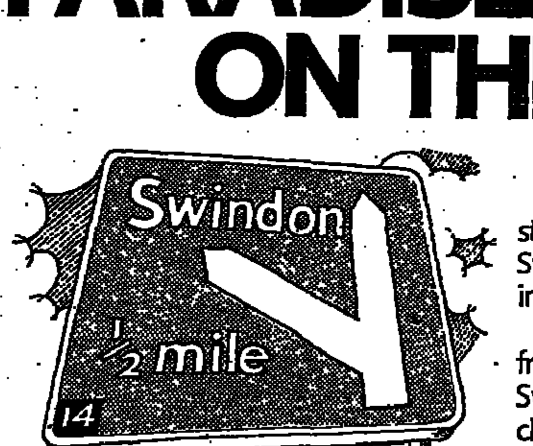
RISES

Exchqr. 14pc 1986	£102⅞ +	⅛
Trsry. 13¼pc 2003-05	£96⅞ +	⅞
Airflow Streamlines	24 +	4
Antofagasta Rlwy.	£30 +	2
Coalite	124 +	7
Davy Corp.	136 +	4
Hickson and Welch	268 +	5
London & Montrose	142 +	17
Low (Wm.)	188 +	8
Minet	190 +	6
Pegler-Hattersley	210 +	6
Whitbread A	132 +	4
Gold Fields S.A.	£24 +	1
Kinross	468 +	20

FALLS

Andrsn. Strathclyde	126 –	16
Eagle Star	352 –	16
Electronic Rentals	76 –	5
Johnson Grp. Clnrs.	237 –	11
Noble & Lund	11 –	2
Sonic Sound	68 –	4
Bond Corp.	74 –	10

WHEN MILTON REGAINS PARADISE IT'LL BE ON THE M4



The soaring overheads of staying in London make Swindon seem like paradise indeed.
With rents and rates a fraction of the capital's, Swindon is an automatic choice for relocation.
London 50 minutes by train. The M4 on your doorstep. Heathrow faster than from London's centre. Guaranteed housing for key personnel. Full start-up assistance and introduction to funders. A large, underemployed workforce. Training facilities geared to future needs. Wiltshire's outstanding quality of life. Offices, factory premises and sites ready today.
No wonder such companies as Hambro Life, Lowndes Lambert, W. H. Smith, Plessey, Monsanto and Burmah Oil – among 250 others – have chosen Swindon.
Get the full facts from Douglas Smith, Industrial Adviser, Civic Offices, Swindon.
Tel: (0793) 26161 or Telex 444548
JOIN THE SWINDON ENTERPRISE

Rupert Cornwell in Rome reviews the withdrawal by private employers from the country's wage indexation agreement

Italy's pay move provokes strong political repercussions

ITALY IS in uproar over what, by any standards, ranks as a non-suprise. In June 1981, Confindustria, the private employers' association, almost took the plunge but finally acceded to arguments that the new government of Sig Giovanni Spadolini, the country's first non-Christian Democrat premier in 35 years, should be given a chance to secure a deal on holding down labour costs.

In March, its patience almost exhausted at the lack of progress, Confindustria declared it was ready to take the plunge. Finally, this Tuesday it did so, by announcing it was pulling out of the seven-year-old agreement with unions on the existing *scala mobile* system of automatic wage indexation, a device long criticised by pundits ranging from the Bank of Italy to the EEC, the OECD, and the IMF.

The decision, said Sig Vittorio Merloni, Confindustria's president, had been painful but inevitable. "Yes, we expect strikes," he acknowledged, but a general strike wouldn't make it easier for Italian companies to compete on world markets, or to protect job security.

The efforts to play things down were unavailing. Almost to a man the politicians have attacked him for unnecessary provocation. Strikes, both spontaneous and organised, took place for two days, up and down the country. A chain of events may have been set in motion, of uncertain outcome.

Many see the heavy hand of Fiat weighing upon the decision. "We made a very serious mistake not to do it a year ago," Sig Cesare Romiti, managing director of Italy's most powerful private group, declared recently. "If we had, there would have been a new agreement five months ago. In Italy, without this kind of Sword of Damocles, talk just drags on indefinitely."

One argument is that the *scala mobile* which can account for half, if not more, of basic pay, has squeezed differentials by applying the same automatic increases for everyone. The ratio of between take-home pay of the most and the least qualified men at Fiat is now 116 to 100. To provide incentives and reward professional skills adequately the difference should be 160 to 100, Sig Romiti maintains.

Even doveish employers accept this argument. Privately, many unionists agree that the *scala mobile* in its present form has to be changed, for the good of workers and the country at large. What even politicians sympathetic to industry challenge in the timing of Confindustria's move, and the lack of any firm substitute proposals.

Some form of indexation in Italy is seen as inevitable: the alternative might be still higher inflation, were unions to indulge in unfettered free collective bargaining. Economists argue that the scala mobile must be redesigned, to exclude from calculations indirect tax increases and price rises caused by external factors.

It came just 24 hours after Dr Carlo Ciampi, the Governor of the Bank of Italy, made his own plea for changes in the mechanism. As such, many saw the announcement as part of a concerted offensive against the unions, designed to embarrass the Government as well.

This may or may not be true, but the decision has certainly given Italy's divided labour movement a new sense of common purpose. "Finally they've found a flag to rally round," commented Sig Carlo de Benedetti, who is chief executive of Olivetti and generally seen as a dove.

Anyone, moreover, who imagined that the move would widen the gap between a leadership struggling to regain credibility, and a rank-and-file increasingly inclined to give job security a higher priority than complicated arguments about indexation, has been proved wrong.

This week's strikes have generated a commitment and a purpose among workers not seen here since the far-off days of the "hot autumn" of 1969, which opened the Italian unions' most successful phase in modern times.

Indeed, the row should be seen in its historical and political perspective. For organised labour, the agreement of 1975 was a landmark in the struggle to win a new status and dignity. The deal was struck when the Communist advance of the mid-1970s was at its height; the *scala mobile* became a symbol of the compromise at the heart of modern Italy, compensating workers for the fact that the Communists, the party which more than any other stood for their interests, was disqualified from power nationally.

Since then, the unions' tide has ebbed. The "March of the 40,000" which ended the historic five-week strike at Fiat in 1980, the successes of smaller companies less subject to union dictats, were both signs that management was fighting back. No wonder news that Confindustria was revoking the *scala mobile* has been interpreted as an attempt to deliver a knock-out blow.

Everyone, however, accepts that some form of indexation in Italy is inevitable. The alternative might be still higher inflation, were unions to indulge in unfettered free collective bargaining. Rather, most neutral economists argue, the *scala mobile* must be redesigned, to exclude from calculations indirect tax increases and price rises caused by external factors. In this way companies might have more leeway to create jobs, and cut an unemployment rate running at 11 per cent.

As Sig de Benedetti put it, "I'm against a situation where Italian workers get a pay rise if Opec puts up the price of oil." Others suggest that the mechanism's impact might be moderated by making it operate every six months, say, instead of on the present quarterly basis.

Once tempers have cooled, there sems no good reason why a replacement agreement along these lines might not be reached. Confindustria is at pains to stress that the present *scala mobile* will not lapse until January 31, 1983. The Government for its part has been galvanised into activity.

The real problems are the immediate ones. What will happen now to the three-year wage contract negotiations, which have yet to start in earnest, even though the previous ones expired last January? Might not Confindustria find itself isolated if state industry goes ahead, as the Government says it will, with contract discussions? What are the implications for the package of indirect tax increases and spending cuts the Government has promised? Indeed, might not the dispute over the *scala mobile* distract attention from the even more urgent matter of bringing Italy's runaway public sector deficit under control?

Then there are the purely political considerations. Conceivably, Sig Spadolini's downfall might be hastened, indirectly, by the *scala mobile* issue. But Sig Merloni is adamant: "I think we've given the Government enough time. Jobs and the survival of many companies are at stake. Economic decisions cannot wait for ever on political ones."

Hamburg election could decide fate of Bonn coalition

BY JONATHAN CARR IN BONN

THE FUTURE of Chancellor Helmut Schmidt's Left-Liberal coalition in Bonn could be decided by elections in the city-state of Hamburg this Sunday.

Even as Herr Schmidt attends the final session of the Western economic summit in Versailles, voters in his own home city will be electing a new local government for the next four years.

Should his Social Democrats (SPD)—currently in sole power in Hamburg—suffer a serious defeat, the impact both on the party nationwide and on the Chancellor's personal prestige would be severe.

At least as serious would be a failure of the Free Democrats (FDP)—who form the coalition in Bonn with the SPD—to gain once more the minimum 5 per cent in Hamburg needed for parliamentary representation. Last time, in 1978, the FDP gained 4.8 per cent.

Many in the FDP would draw from a new failure the conclusion that attachment to the Social Democrats in Bonn meant a serious liability for the Liberals in the provinces. Pressure could thus become stronger for a change of coalition to the Christian Democrats (CDU).

Recent opinion polls show the Hamburg result on a knife's edge, with the Social and Christian Democrats there gaining about 42-43 per cent of voter support, and the Free Democrats about 6 per cent. The remaining votes—about 8 per cent—look like going to the so-called "alternative" groupings, including environmental protectionists and those opposing deployment of new nuclear missiles by the North Atlantic Treaty Organisation.

The FDP for many years has prided itself on being a third political force in West Germany, holding the balance between Socialists and Conservatives. But in a recent election in Lower Saxony, the environmentalists drove the party into fourth place, and also undermined the SPD vote. The same could happen in Hamburg.

The best hope of both the Social and Free Democrats is that they will be able to form a coalition in Hamburg, and by so doing cement the Bonn alliance, which has been under intense strain since the last general election in October, 1980.

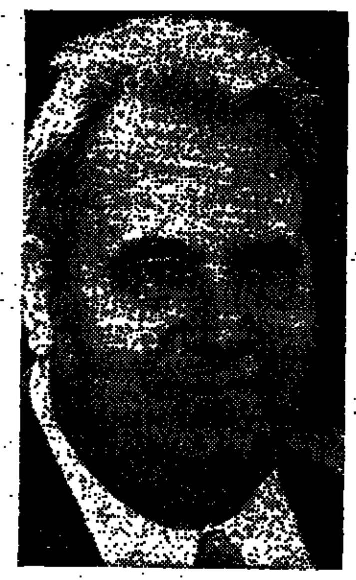
That result would be an important asset as the Government begins difficult talks on Monday on a supplementary budget for 1982 and the full budget for 1983. Similar talks on budget cuts and public borrowing last year brought the two sides close to a break.

● West German terrorists struck again yesterday at U.S. concerns, exploding a bomb that caused about $2,000 worth of damage to the German-American Institute in Tuebingen, AP reports. No one was injured in the blast.

Kluncker departure a blow to unions

BY JAMES BUCHAN IN BONN

THE SUDDEN resignation on Wednesday of Herr Heinz Kluncker, the chairman of West Germany's second largest union, is a wholly unexpected blow to a movement already riven by doubts about the competence and integrity of its leaders.



Herr Kluncker . . . quitting for health reasons

Herr Kluncker's withdrawal, at 57, from the post he had occupied for 18 years at the head of the public service union came at the "pressing advice" of his doctors who had warned in direct terms of the consequences for his health of overwork and overweight.

Otherwise, he would scarcely have taken a step which leaves the 1.2m civil servants and transport workers who are members of his union with no obvious successor and vulnerable to the Government's attempts to cut public spending. With his mixture of brawling contumacy and quiet diplomacy, Herr Kluncker had just defeated an ill-advised government attempt to cut civil servants income by 1 per cent.

At the same time, the DGB, the West German union federation, has lost a worker of unalloyed solidity and national standing in its struggle to clean up an image tarnished by a squalid financial scandal involving the union building concern, Neue Heimat.

Three board members were forced to resign in that affair, but it soon transpired that other leading union bosses, including Herr Heinz Oskar Vetter, the DGB chairman, and Herr Alois Pfeiffer, the man then tipped to succeed him, had indulged in perfectly legal, if unproletarian, tax-sheltered investments in Neue Heimat housing schemes in West Berlin.

Despite obvious exhaustion, Herr Kluncker played a decisive role at the DGB congress in West Berlin a fortnight ago, by ensuring that Herr Vetter was replaced by Herr Ernst Breit, the postal workers' leader and a figure less touched by the Neue Heimat affair. By this means, it was hoped to quash the grumbling at grass-roots level that the scandal might just be "the tip of a trade union iceberg."

During his long career with the public service union, Herr Kluncker helped bring public servants' incomes back up to the level of the private sector. But he will be best remembered as the man who led a strike for a double figure pay rise in 1974.

This so undermined Chancellor Willy Brandt's position that the revelation, a few weeks later, that an East German agent had been operating in the Chancellery, toppled him from power.

Irish tax relief on mortgages and loans

By Brendan Keenan in Dublin

TAX RELIEF on mortgages and personal loans as well as on capital gains tax and company cars are among the concessions outlined in the Irish Finance Bill, published yesterday.

The Bill is likely to increase Mr Charles Haughey's difficulties with the left-wing MPs on whom his minority government depends. The three-member Workers Party is studying the Bill and some of its provisions run counter to the post-election deal between Mr Haughey and the Independent Mr Tony Gregory.

The Opposition spokesman criticised the Bill because it contains no measures to pay for the concessions which, together with the recent I£45m (£37.8m) reduction in social insurance contributions, will cost the Exchequer more than I£50m (£42m).

The Bill has also provoked speculation that Mr Haughey way want to keep his electoral options open following the failure to improve his parliamentary position in last week's Dublin by-election.

On the other hand, the Bill may reflect the expectation of a by-election win and reduce dependence on left-wing support.

Full tax relief is restored under the Bill for mortgages on an individual's home, which the budget had proposed to restrict to the 35 per cent income tax band. This will be one of the more popular changes, although the reason given is that the computerised tax system could not have handled the change.

Relief on personal loans, which was to have been abolished, is restored for loans up to I£5,000 (£4,200).

Representations by business and financial institutions appear to have had their effect. The proposal to tax company cars up to 40 per cent of original value, which was regarded as particularly onerous, is changed to a maximum of 20 per cent.

Complaints from the Dublin Stock Exchange about the 60 per cent tax on short-term capital gains are partly met by quadrupling the exemption threshold to I£2,000 (I£4,000 for a married couple).

There is considerable back-pedalling on the proposed capital tax changes. The 30 per cent "withholding tax" on development land is dropped from the Bill, as are the proposed tax on derelict sites and the 2 per cent levy on office developments.

The tax on discretionary trusts, which was seen as a successor to the ill-fated wealth tax, also disappears.

Ecevit to be freed

A Turkish military judge has ordered the release of Mr Bulent Ecevit, the former Prime Minister, who has been in prison since April 10, AP reports from Ankara.

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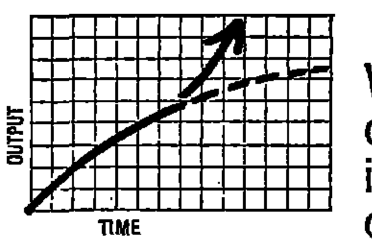

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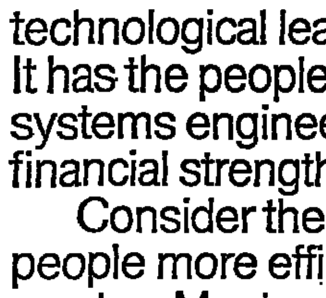

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Rise in French GNP could be below forecast

BY DAVID HOUSEGO IN PARIS

THE French economy is expected to pick up in the second half of this year, but overall growth in GNP for the year will be no more than 2 per cent in real terms.

This is the latest estimate by the official statistics bureau Insee and contrasts sharply with Government forecasts of 3.3 per cent growth made when the Budget was being finalised last October. Recently, M Pierre Mauroy, Prime Minister, said the Government now expected a 2.5 per cent growth in GNP this year.

A major casualty of the slower-than-expected growth will be Government receipts of revenue, resulting in a potentially greater budget deficit than had been expected.

M Mauroy . . . forecast 2.5 per cent growth.

At the same time, Insee forecasts that unemployment, which had stabilised in the spring, will worsen again and reach 2.1m, on uncorrected figures, by the end of the year. On uncorrected figures the number of jobless in April fell by 2.2 per cent to 1.9m. But provisional seasonally adjusted figures for May show a slight increase over April to just over 2m.

Insee expects GNP to rise by 0.5 per cent in the first half of the year. It continues to see household incomes as a major component of growth. These are projected to rise in real terms by 2.2 per cent this year.

The other major impetus to growth comes from the increase in public expenditure, which is expected to rise in volume by 6.6 per cent.

By contrast, Insee now foresees a continuing decline in investment over the 12 months following on last year's volume drop of 3.5 per cent.

The great unknown of the new forecasts, according to Insee, is the level of international economic activity. It projects what it considers a favourable growth in French exports resulting from a recovery of international demand.

Insee predicts that the trade deficit will be about FFr 70bn this year compared with FFr 65bn last year. It sees consumer prices rising by 12.6 per cent this year against last year's 14 per cent.

Mitterrand likely to unveil economic policy shift

BY OUR PARIS CORRESPONDENT

A SHIFT in French economic policy is expected to be announced by President Francois Mitterrand shortly after the Versailles economic summit.

This emerged after the weekly cabinet meeting when it was revealed that the President will hold the second news conference of his presidency next Wednesday. The government spokesman said this would precede decisions the administration is due to take on budgetary, economic and social policy —an order of events that is seen as confirming that the cabine is divided about what to do.

Socialist officials said M Mitterrand had hoped to put off austerity measures until after the municipal elections next spring. These are vital to both the Socialist and Communist parties in order to consolidate their local power base.

He is being forced to act faster than he had thought necessary, however, because of the growing gap between France's inflation rate and that of its industrial competitors, and the worsening trade deficit.

An even more compelling reason is the continuing pressure on the franc—expected to increase in momentum after the summit—and the drop in French foreign exchange reserves, reflecting persistent intervention in defence of the franc.

Indicative of the trend is that the Bank of France's foreign exchange holdings had fallen to FFr 16.5bn (£1.5bn) on May 19, down FFr 4bn (£36m) from the week before, compared with FFr 42bn (£3.8bn) before the Socialists took office in May last year.

The announcement of the President's intervention in the growing public debate on economic policy also comes amid fresh signs of stagnation.

Two rival approaches are believed to be under consideration by the cabinet which is united on the need for action.

The first would put more weight on a freeze on both prices and wages to bring down inflation. This "steamroller" approach is opposed by both M Jacques Delors, the Finance Minister, and M Michael Rocard the Minister of the Plan. But it has strong support within the Socialist Party as safeguarding real incomes.

The second-favoured in the Finance Ministry—would gove priority to reducing the budget deficit through tighter controls on spending. The problem here is that substantial cuts are difficult to make which do not also bite into the investment plans on which he Government's long term hopes for economical revival are built.

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Dutch local polls give fillip to Labour

By Walter Ellis in Amsterdam

THE DUTCH Labour Party has taken heart from its surprisingly strong showing in Wednesday's municipal elections, in which it won nearly 24 per cent of the vote.

Many observers had forecast a Socialist collapse following consistently low support for the party in the opinion polls and a weak performance in the provincial elections in March.

Even so, if the results are projected into seats in the national Parliament, Prime Minister Dries van Agt's Christian Democrats and their preferred partners, the Liberals, could expect a comfortable overall majority. A general election is to be held in September.

Democrats 66, a social democrat federation, has emerged as the big loser. With the support of just over 5 per cent of voters, it can only look forward to a handful of parliamentary seats after September. The party has 17 MPs at the moment and is junior partner in Mr van Agt's interim administration.

The Premier has already said that his attitude within the coalition must be influenced by the new political reality, and this is widely taken to mean that Democrats 66 must be careful not to push the Christian Democrats too hard in Parliament.

Labour's electoral recovery, though aided by good weather and local issues, must have encouraged the party leader Mr Joop den Uyl, to think again about his rumoured retirement.

The party is unlikely to return to government in September, but it now looks as though it could still be strong enough to provide real opposition to Mr van Agt's proposed spending cuts, which precipitated last month's Government collapse.

Plan for more EEC food aid to Poland

By Giles Merritt in Brussels

THE EUROPEAN Commission said yesterday that it is seeking member governments' foodstuffs approval for a further emergency aid shipment to Poland of foodstuffs and medical supplies.

The latest Polish aid package to be submited to the EEC Council of Ministers is worth 7.5m Ecu (European Units of Account), and is intended to supplement the 10m Ecu in emergency aid made available to the Polish people so far this year.

Following the EEC's decision to stop the 15 per cent subsidy on food experts to Poland as a result of the imposition of martial law, two tranches of emergency aid to be distributed to the Polish people via charitable organisations were agreed by member states.

In December last year 2m Ecu-worth of aid was announced, followed in February by a further 8m Ecu shipment. A Brussels Commission statement yesterday specified that these two tranches had led to 450 truck loads of food, sanitary and medical supplies being sent in the first half of this year.

JOHN WYLES VISITS DENMARK AS IT PREPARES TO HEAD EEC COUNCIL OF MINISTERS

Danes develop a taste for foreign affairs

A BRILLIANTLY sunny and warm Copenhagen has been greatly pre-occupied this week with the domestic political crisis.

But the story dominating the headlines, as it has done for the past month, is the Falklands crisis. Pro-British sentiment remains strong, but Danes have been both bemused and distressed by the fighting in the South Atlantic.

On the one hand the Nordic distaste for military conflict paints the dispute as an absurd one over which to spill so much blood.

On the other there is a discernible admiration for British military skills and a general public support for standing up to the aggression of a fascist dictatorship.

The Danish Government, meanwhile, has joined in EEC sanctions against Argentina but Mr Kjeld Olesen, the Foreign Minister, has misgivings about Mrs Thatcher's apparent preference now for a military rather than a negotiated solution.

"We can't accept the use of military means to reach political goals," he said, in a reference to Argentina's invasion of the Falklands which is also an oblique questioning of current British tactics.

The Danes often criticise each other for excessive parochialism but interest in foreign affairs is obviously growing. Politiken, the country's largest selling morning newspaper, is about to make Paris its fifth foreign bureau and to add an extra four or five columns to its overseas coverage.

If Mr Jorgensen's Government, or any successor, has anything to do with it, the European Community will become the focus of Denmark's external concerns from July 1, when she takes over from Belgium as president of the EEC council of ministers.

Confidence vote

Mr Jorgensen, the Prime Minister, if he survives the confidence vote, is determined to make the fight against unemployment the Community's top priority during the Danish presidency.

Mr Jorgensen, a former leader of the dockers' union and on the brink of his 60th birthday, is the longest-lasting prime minister in the Community, with nearly 10 years' service under his belt.

He will need a lot of persistence as well as all his experience to convince Mrs Thatcher and Chancellor Schmidt, to name but two of several sceptical Community heads of government, that the Ten now need to create jobs by embarking on a gentle but concerted reflation.

Interviewed on Tuesday, in an office gaily bedecked with modern paintings, Mr Jorgensen emphasised his conviction that it would be worth while to run the risk of worsening inflation in the EEC through boosting consumption in the cause of job creation.

Meanwhile, across at the Danish central bank, his aims are viewed with some distaste. Mr Erik Hoffmeyer, the governor, is constantly nagging the government to reduce its DKr 50bn (£3½bn) forecasted deficit for this year. Mr Hoffmeyer believes that Denmark's 10 per cent inflation rate is dangerously distant from West Germany's 4 to 5 per cent. Fiscal stimulus, he says, may create some jobs in the short term, but economic growth is what is needed and he sees precious few signs of that in the OECD area.

There is a strong element of playing to the domestic political gallery in the Jorgensen Government's EEC priorities.

Unemployment is the major political problem at home but scepticism and doubt about the EEC is another.

The Danish public is not as hostile to the Community as the British, but there is no majority in favour of grandiose Europeanism. This is one reason why the Danes will make little effort to push for agreement on the so-called Genscher-Colombo proposals for re-vitalising the Community by, among other things, enlarging the role of the European parliament and bringing security issues to foreign policy discussions.

Deeply upset

Like the British, the Danes were deeply upset by the majority vote in Brussels on farm prices two weeks ago but, unlike the British, they appear confident that the right of national veto, enshrined in the Luxembourg compromise remains intact.

There is no apparent fear in Copenhagen of being outvoted on the contents of a common fisheries policy an issue of key importance to both Denmark and the UK. London, however, is not so sanguine and is currently interrogating EEC capitals as to whether they really intend that majority voting should be the basis for Community decision-making in the future.

Majority voting could play havoc with Denmark's constitutional arrangements for conducting EEC affairs. These give much greater measure of parliamentary control over government conduct in Brussels than anywhere in the Community.

Before every meeting of the Council of Ministers, the Danish minister involved must outline his negotiating aims to a 17-strong parliamentary standing committee on Common Market affairs.

Much of the committee's authority stems from the fact that most Danish governments are minority administrations. Ministers do not, therefore, stray far from their mandate for fear of a vote of censure in the Folketing. As it is, they have to report back to the committee on EEC decisions and justify agreements made in Brussels.

Other parliaments, including the German Bundestag and the British Parliament at Westminster, have studied the Danish model closely but majority governments elsewhere in the EEC find life difficult enough without creating new problems for themselves in the shape of an efficient parliamentary watch-dog back home.

Ceausescu admits shortcomings in economic policy

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

THE ROMANIAN President, Mr Nicolae Ceausescu, has admitted to a plenary session of his ruling Communist Party this week that economic policy has not been functioning properly and his sweeping ministerial reshuffle last month was aimed at a genuine imporvement.

Romania seems now to have slightly reduced its payment arrears to British companies, estimated at the end of March to be about £10m, according to the UK Department of Trade.

A UK chemical company executive said Romania had recently paid part of its debts, if only to "jolly us along" and to prevent British companies stopping new shipments to Romania.

Mr Ceausescu told the party session that he had sacked several foreign trale officials for embezzlement of public funds.

In the same speech this week, reported by the official news agency Agerpres, the Romanian leader also expanded on his reasons for dismissing his Education Minister and other top officials last month for their links with a foreign-based transcendental meditation cult. Reports from Bucharest suggest that as many as 400 people, 120 of them party members, have been penalised for their meditational tendencies.

"It is incomprehensible that some retrograde, mystical conceptions can still be espoused by some people, even Communists," he said.

Their aim was "to divert mankind's attention from the fundamental problems of the present day world, to use this way for diversion and for espionage against other states."

The meditation cult had been accused of trying to take Romania out of its Warsaw Pact alliance.

With his personal position perhaps a little shaken by Romania's economic problems, Mr Ceausescu does not want to risk offending Moscow and may have cracked down on the meditators to please the Soviet Union.

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THE FALKLANDS CRISIS

Bridget Bloom, Defence Correspondent, reviews likely battlelines

Garrison urged to surrender

HOW WILL the battle for Port Stanley be fought—if, or when, it is fought? The Defence Ministry in London has resolutely refused to comment on the fighting in which, according to correspondents on the spot, British troops have captured the high ground surrounding Port Stanley.

London's reticence has been matched in Argentina. In addition, the difficulties of determining what is going on are compounded by delays — either by design at the Ministry of Defence or by accident due to the distance of the Falklands —in the reports which are received from the front line.

Information available yesterday mostly relates to events up to Tuesday. It seems that the estimated 6,000-7,000-strong Argentine garrison has retreated into a defensive horse-shoe shape around Port Stanley.

This probably fits around the western flanks of Tumbledown Mountain and Mount William and, possibly, Mount William and Wireless Ridge to the north. It certainly includes Moody Brook, the former Royal Marines camp, where there is said to be an advance HQ.

Other key points which will be closely defended will be Stanley Common—to prevent a possible British sea landing—and the airport. There may also be defences on the northern rim of the harbour. The Argentine aim must be all-round defences, in as much depth as the narrowing laager permits.

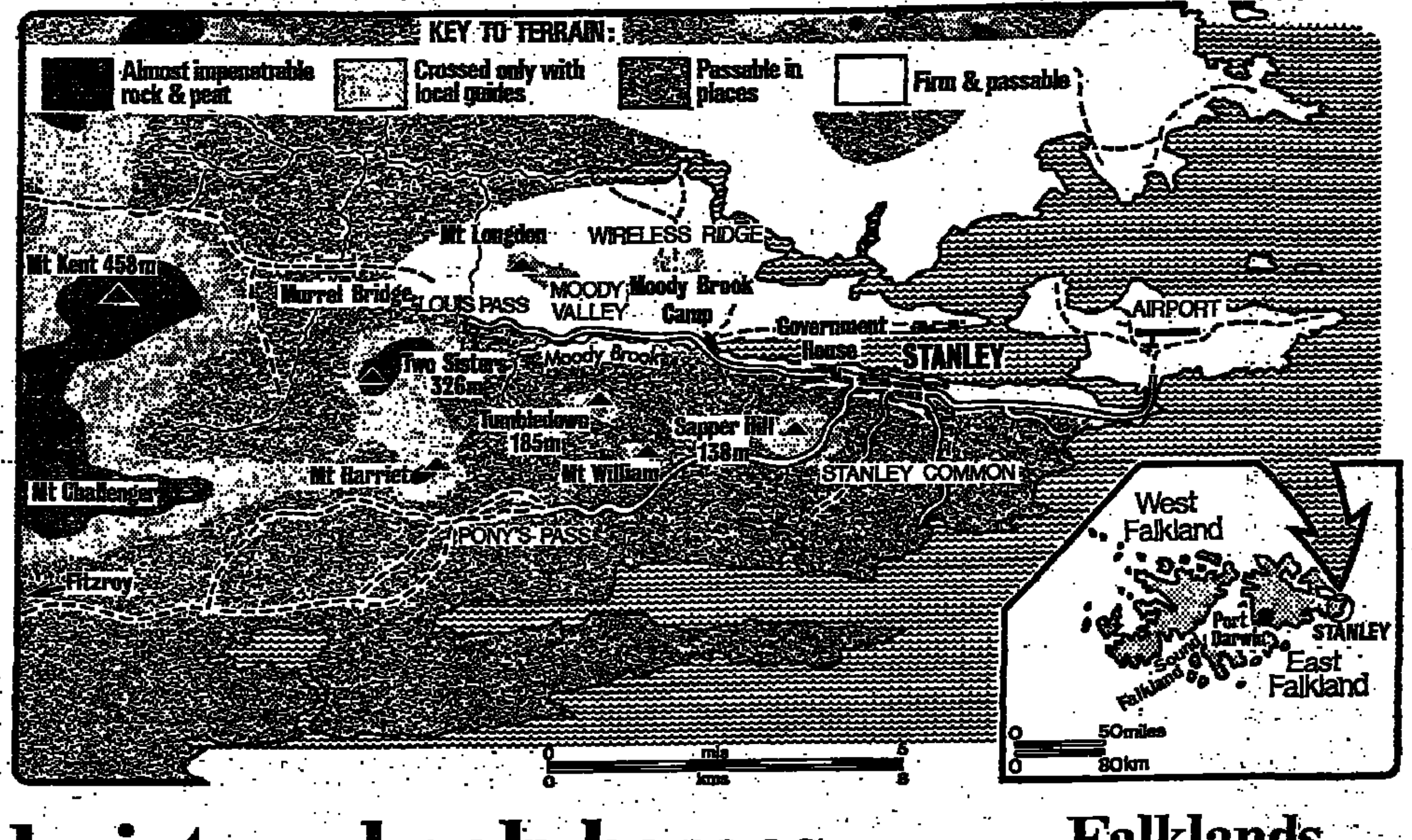
British paratroopers and marines are now thought to be well established on Mount Kent, which they probably took last weekend, and on the Two Sisters, Goat and Harriet ridges. They are in command of at least one key pass—probably that at Murrel Bridge. There have been no reports so far of action at Fitzroy, another key bridge to the South, where the Argentines were believed to have substantial numbers of troops. It is suggested in Whitehall that these probably retreated back to Stanley.

For much of this week, the British troops have been consolidating their positions after the initial tough marches on foot across appalling terrain and in fierce wintry weather. Some supplies and weapons—major artillery pieces for example—will have been helicoptered in, though there are suggestions that the weather has often been too poor to allow much movement. The terrain is so poor it is not clear how far the troops are motorised.

There may be 3,000-4,000 of the estimated 5,000 troops originally landed at San Carlos now in the Stanley area. It is probable, though not certain, that the 3,000 Ghurkas and Guards will have been landed at San Carlos to reinforce the Marines and Paras.

Thus, in less than a week, the Argentines in Stanley have been surrounded. They have yielded key high ground, so that weather permitting, British troops can now plot almost every movement they make.

Yesterday British aircraft dropped thousands of leaflets urging the beleaguered garrison to surrender. If they do not, military opinion is in no doubt a very bloody battle could follow, even if it did not reach the streets of Port Stanley itself, where perhaps 200 Falkland islanders are still living.



Sandwich Island force mystery

By Hugh O'Shaughnessy in Buenos Aires

UNCERTAINTY still surrounds the fate of a small but politically important Argentine naval detachment on Morrell Island in the southern Thule group of the South Sandwich Islands.

Captain Enrique de Leon senior spokesman of the Argentine combined general staff could give no information about whether or not the detachment was still in position yesterday.

Argentine naval forces established themselves on Morrell Island in the late 1970s when they set up the meterological station called Naval Detachment Corvett Uriguy on the eastern extremity of the precipitously rocky Morrell Island, at the far southern end of the South Sandwich chain.

The Foreign and Commonwealth Office, refused to comment at the time on reports of the incursion, in the Falkland Islands. It later confirmed that the illegal occupation had been made by a handful of Argentine naval personnel.

It was decided not to eject the Argentines by force and the illegal Argentine presence in the South Sandwich islands was later deemed by the British to have been covered and legalised by an Anglo-Argentine memorandum of understanding about joint scientific efforts in the South Atlantic.

The Argentine side merely looked upon the continued presence of the naval detachment as an exercise in sovereignty. On maps newly published in Buenos Aires, Naval Detachment Corvett Urigay still figures and an illustrated Buenos Aires weekly recently published photographs of the small base which consists of some Nissen huts and a helicopter pad, perched on an extremely rocky coastline.

Argentine and British authorities all agree that the weather conditions around south Thule are mong the world's worst. Part of the South Sandwich Islands were surveyed in the early 19th century by the Russian Count Bellinghausen, who was sent on an exploration mission by the Imperial Russian Government and baptised the northern islands Zavodovski, Visokoi and Leskov.

Losses criticised

LOSSES sustained by the Falklands task force could have been avoided if ships had been better equipped, according to this week's issue of Flight International magazine. The magazine says better weapons could have "taken out" Exocet missiles before they struck.

"The inclusion in the design of an automatically operated, rapid-fire, radar-guided gun of the kind now represented by Phalanx and Goalkeeper would make an enormous difference," says the editorial. "It could have further decimated the Argentine air force and even taken out the Exocets during the last seconds of their approach."

Lies, damned lies, and picture-book heroes

BY JIMMY BURNS IN BUENOS AIRES

"I ALWAYS try and tune in to the BBC whenever possible, otherwise I just don't know what is really going on." The words of a senior foreign diplomat based in Buenos Aires reflect the continuing difficulties faced by anyone living in Argentina who would like a reasonably objective view of the war in the Falklands.

The most ordinary Argentines who do not listen to the BBC, the difficulties are considerable. They remain dependent on a local media straight-jacketed by Government control and self-censorship.

In theory, the media still have to be guided by the rules laid down by the Argentine Chief of Staff soon after British task force first arrived in Falkland waters. For "reasons of national security," journalists are advised to refrain from publishing any material that "attacks national unity," "provokes panic," helps the psychological objectives of the enemy" or "gives information on military positions other than those officially confirmed."

It has never been made clear by the military whether this applies to foreign correspondents in the same way as to Argentine journalists. However, on Tuesday, a correspondent of the French daily newspaper Le Figaro became the latest victim of Government pressure when he was expelled from Argentina, after being accused by the authorities of contravening the security laws.

According to his colleagues, M Jaques Lesigne had written an article suggesting that there was a growing feeling among Argentines that military defeat by the British was near.

The rules guiding journalists mean that without an official censor sitting in, most Argentine journalists are caught between the devil and the deep blue sea. In contrast to their foreign colleagues, most prefer to play safe rather than sorry.

A number of Argentine journalists refer any sensitive material to military contacts before it is published. Since the beginning of the conflict most Argentine newspapers and television channels have reported Argentine Government communiques along with a sampling of international agency reports out of London and elsewhere, giving the official British military version of events.

One aspect of the war, however, has been faithfully excluded. There is no sense in the Argentine media of the unofficial side of war—the sad and gruesome detail of mutilation and death which has become an increasing feature of the Falklands crisis as the war between Britain and Argentina has escalated.

Argentina is a country rich in newspapers and no small number of well-informed local journalists, but the junta has allowed only one war correspondent to go to the Falklands. Since he happens to work for the heavily controlled TV network, the mass news is heavily censored.

In recent days, the Argentine viewing public has been seeing well-groomed young conscripts moving backwards and forwards in armoured personnel carriers or helicopters. Still footage is usually shown, with a studio voice over, or dramatic music but for the average viewer, there is little emotion on the screen.

Newspapers have had their "war correspondents" carefully screened, if not directly chosen by the military authorities, but these journalists have gone not to the Falklands but to Patagonia on the mainland. Most had done their national service, but few had written a word before the war, admitted one editor.

In Patagonia there is an almost daily ritual for the war correspondents. Troops stationed there put on "war shows" set battle pieces, which are avidly photographed and presented next day in the newspapers instead of the reality in the Falklands. Clean-cut young men are shown facing an unseen enemy.

Much of the action has been the exclusive preserve of the Air Force pilots, but descriptions of their attacks on the task force have concentrated on heroics. There have been a remarkable number of survivors.

Against this background it is perhaps understandable, that the Argentina public is facing what could turn out to be a major bloodbath in Port Stanley with few of the misgivings currently felt by part of the British public.

General Mario Benjamin Menendez, commander of the Argentine Falklands troops, has been transformed through the communiques into another picture book hero. One suspects that the morale of at least some of the conscripts serving under him may be strained by cold, exhaustion and fear. But for the moment, such scenes do not belong on the stage in Argentina.

Only yesterday was there an exception. The English-language daily, the Buenos Aires Herald, decided to print deep at the back of the paper a small account of the horror. The report quoted an agency dispatch from a British TV reporter:

"As I walked forward the horrendous extent of the Argentine casualties became apparent . . . I found bodies lying in the thick gorse, the wounded waiting in agony and shock, and frightened beaten soldiers

It was a mile away from the picture book heroics of the Buenos Aires Press.

Moscow pressed on grain

By Anthony Robinson in Moscow

ARGENTINA'S efforts to persuade the Soviet Union to buy a further 4m to 5m tonnes of maize and sorghum this year continued yesterday as Mr David Lacroze, head of the Argentine Grain Board, conferred with Soviet agricultural officials.

His visit follows the Soviet decision to halt further grain orders from Argentina even though this year's Soviet purchases of Argentine grain have reached only 8m tonnes, compared with 15m tonnes in 1981. Argentina is believed to be anxious to sell the remainder of this year's crop to the Soviet Union in return for badly needed hard currency.

The decision to halt further Soviet grain orders at the outset of the Falklands islands dispute contrasts with the strongly pro-Argentine position taken by Soviet spokesmen and the media

It is still not clear whether the Soviet action was taken because of fears over possible supply disruptions due to the Falklands crisis, or because it hoped to secure lower prices. Until now the Soviet Union has been willing to pay more than the world price for Argentine grain in order to ensure diversification of supplies in the wake of the partial U.S. grain embargo applied by former President Jimmy Carter.

At the same time as Mr Lacroze was putting forward the Argentine case, Soviet officials were playing host to Senator Larry Pressler

Senator Pressler was here in a dual capacity, as chairman of the arms control subcommittee of the Senate Foreign Relations Committee and as a salesman for U.S. grain.

Argentine prisoner in a compound on the Falkland Islands.

China sharpens attack on UK 'imperialism'

BY TONY WALKER IN PEKING

BRITAIN, ACCORDING to China, is a declining imperial power, still clinging to policies of gunboat diplomacy. This unkind view of Britain's war with Argentina over the Falklands is the latest Chinese diplomatic shot at the British in the south Atlantic.

"Above all, the war has tarnished the image of Britain in the eyes of the Third World—a declining imperial power still clinging to gunboat diplomacy," wrote an official New China News Agency commentator yesterday.

In the early stages of the conflict between London and Buenos Aires, China maintained a relatively neutral position, but the tone of its criticism has sharpened in recent weeks. British diplomats here have expressed concern to the Chinese Foreign Ministry over the criticism, pointing out that it was Argentina that first resorted to force.

The diplomats have been surprised by the unrestrained tone of several commentaries carried by Xinhua, and say these commentaries do not correspond with remarks made in private by Chinese Foreign Ministry officials.

Chinese reaction to the Falklands issue is being studied closely in view of the sensitive question of Hong Kong, which is administered by Britain under a quasi-colonial arrangement based on a treaty which China does not recognise.

The treaty on Hong Kong's New Territories expires in 1997. China has given no clear idea what it plans to do then, beyond assuring investors their future is secure.

The Xinhua commentator said yesterday that was now "more and more evidence pointing to the fact" that even if Britain recaptured the Falkland Islands, it could hardly call itself a victor in view of the "heavy political, economic and moral losses it has sustained and will suffer."

"While the British-Argentine rivalry for the Malvinas Islands has not come to an end, the gigantic British fleet has already lost a quarter of its warships and so far the war has cost Britain an alleged sum of £1bn," the commentator wrote.

Xinhua warned that the United States also stood to lose from the war, claiming that U.S. policy had "shocked and infuriated most Latin American nations who view this (support for Britain) as a betrayal of Latin America, and has provoked Latin American nations to take a new look at their relations with the United States."

The commentator went on: "Whatever the result of the war, it will inevitably be detrimental to North-South relations. Therefore, Western Europe, which is heavily dependent on the Third World for fuel, raw materials and outlets for goods, will also pay a price for their support for Britain and their sanctions against Argentina."

The Xinhua commentator described the war as an "unexpected gain" for the Soviet Union.

Mrs Thatcher is scheduled to visit Peking later this year, and the Xinhua remarks are not likely to improve the climate for her visit.

Photographs forged

PHOTOGRAPHS of HMS Invincible, the British aircraft carrier, giving off a dense cloud of smoke which were printed in the latest issue of a mass circulation Argentine magazine are forgeries, according to military officials quoted by the usually well-informed Buenos Aires Herald, *Jimmy Burns writes from Buenos Aires.*

Brazilian borrowing affected

By Peter Montagnon, Euromarkets Correspondent

BRAZIL has acknowledged that the Falklands crisis has had an indirect impact on its ability to raise money abroad. Last month it raised a total of \$1.05bn in foreign currency loans, sharply down on the \$2.03bn raised in April.

This reflected a general caution in the international bank lending markets caused by the Falklands crisis, Sr Jose Madeira Serrano, the external director of the central bank, said yesterday in Brasilia. The caution was especially pronounced among small and medium-sized U.S. banks, he said.

But the country's basic creditworthiness has not been affected by the crisis and major banks are still prepared to distinguish quite clearly between the different South American countries, he said.

Brazil remains ahead of schedule with its 1982 borrowing programme of some \$14bn. Since January it has raised \$7.12bn, of which \$500m is set aside for drawing down next year.

Taking into account the \$2.22bn of surplus borrowings from 1981, Brazil has thus secured \$8.84bn for this year leaving gross borrowing needs of little more than \$5bn in the remainder of 1982.

Chilean protest over reports of attacks

By Mary Helen Spooner in Santiago

CHILEAN OFFICIALS have angrily denied Press reports of British forces using southern Chilean bases for attacks on the Argentine mainland, while protesting against the circulation of such stories in the Argentine news media.

A report by the Washington-based National Public Radio that British aircraft were preparing to attack air force bases in southern Argentina from Chile has been denied by the Chilean Foreign Ministry. In addition, Chile has sent an official Note of protest to Buenos Aires over the Argentine censors' allowing such reports to be published in the first place.

Chilean Foreign Minister Sr Rene Rojas said his country would never allow an attack from its own territory against "a friendly neighbour like Argentina." He reiterated Chile's professed neutrality in the Falkand Islands conflict, but publicly questioned why Argentina's military authorities were permitting such reports to circulate

● The Ministry of Defence said yesterday no raids had been carried out on Argentine mainland bases from Chile or anywhere else. The denial followed a report from Jon Snow, of ITN, that British commandos who had landed secretly in Chile had blown up five Super Etendard aircraft at the southern air base of Rio Grande.

Falklands future under review

By Andrew Whitley

MRS MARGARET THATCHER, in her television interviews on Wednesday, revealed that she had asked Lord Shackleton, a Labour peer and expert on the Falkland Islands, to update a report he published in 1976 on the economic development of the British colony. It is the clearest indication to date that the British Government is coming to the view that the Falklands will have to stand on its own feet in the foreseeable future, independently of Argentina.

The concept of an "Antarctic Israel" sustained from outside the region is fraught with evident difficulties. But it is apparent that the Prime Minister has decided these are outweighed by the political disadvantages of bowing to the accepted view that in the end the Falklands cannot survive as an independent entity.

In the House of Lords last month, Lord Shackleton stated his own belief that "in the long run the people of the Falklands have to live in friendship with the Argentines." He hoped that once the war was over the Government would not try to return "precisely to the status quo."

His chief difficulty in taking on Mrs Thatcher's mandate is that his conclusions and recommendations six years ago were based on the premise that amicable relations with the mainland would be maintained. On the likely assumption that no government in Buenos Aires will offer again the sort of facilities Argentina has provided up to now, such as fuel and air transport, the starting point for any fresh advice will have to be different.

Development of Port Stanley's airstrip to take medium-range aircraft, providing a direct link with, say, Montevideo or Punta Arenas on the Chilean side of Tierra del Fuego, is an obvious first step.

In 1976 the cost of a 900-metre extension of the runway was put at between £3m and £4m but after the pounding the existing strip has received in recent weeks it would probably be more economical to build a new airport.

Development of the known oil deposits between the islands and Tierra del Fuego is out of the question because of the constant danger to vulnerable drilling rigs from Argentine air attacks and because of the political problems the oil companies would face in the region.

More promising for a fortress economy of the sort apparently envisaged would be the aggressive development of the islands as a regional base for large-scale fishing in the South-west Atlantic, cutting out the Polish and Russian fishing fleets now frequenting the waters.

The Shackleton report proposed spending up to £7.5m on a research and pilot programme —a sum that would have to be doubled at today's prices.

Wool will remain the mainstay of the Falklands' economy on its present lines, but the near monopoly role of the Falkland Islands Company may well be a thing of the past. Lord Shackleton recommended wider land ownership and the development of basic road communications, and these points are likely to be restated even more forcibly.

If the clues dropped by Mrs Thatcher and other senior British Ministers in recent days are borne out, the biggest change of all could be the development of a permanent military base, possibly involving the U.S., on the lines of Diego Garcia in the Indian Ocean.

Such a move would transform the economic outlook. On the one hand it would provide a considerable source of revenue and employment for the 1,800 islanders. On the other, it would commit London to providing far more funds than it has in the past.

Before the Argentine invasion, the critical question on the economic viability of the islands always returned to their low permanent population.

As a result of their experiences many "kelpers" may decide to move on elsewhere, but a large-scale development of the economy could also attract more new colonists than the islands have ever seen before.

One man's view: Go to the International Court of Justice

BY DANIEL DAVIDSON IN WASHINGTON

THE POSSIBILITY that Argentina's troops may now be expelled from the Falklands brings to the forefront the issue of what Britain should do next.

If the British insist on a return to the status quo ante, the likely outcome will be continued hostilities with Argentina albeit at a lower level of intensity.

Substantial military forces would have to remain in the South Atlantic and perhaps engage in sporadic combat. Nato's defence structure would remain weakened. Latin America would continue to be swept by illogical emotional outbursts and the commercial interests of the Anglo Saxons would suffer.

More significantly, Latin America may undergo a turn away from Western Europe and the United States and inflict long-term damage to U.S. and Western worldwide security interests.

But there could be a way out which might minimise the damage, without in any way detracting from Britain's success if Britain were to propose that the issue of the sovereignty of the Falklands, South Georgia and the Sandwich Islands be brought before the International Court of Justice. Indeed it is puzzling that, at least in public, Britain has not already sought to do this. In 1955, Argentina refused a British submission to the Court of the issue of the sovereignty of South Georgia and Antarctica but not the Falklands themselves.

The International Court has the capacity to resolve territorial disputes among nations. As Mr Lloyd Cutler, the thoughtful former Counsel to President Carter, has suggested recently in the Washington Post, the issues are ideally suited for judicial resolution since they involve factual and legal claims about sovereignty over people and property of a kind which international judicial tribunals have been resolving for centuries.

There is ample precedent for neutral international resolution of conflicting territorial claims, particularly in the New World. Certainly any civilised nation can honourably agree to submit such issues to a judicial tribunal and to abide by the result.

All the nations that signed the United Nations charter also signed the Statute of the International Court of Justice. Under that Statute the Courts jurisdiction extends to all cases that nations may refer to it. Britain, but not Argentina, has agreed to accept the Court's compulsory jurisdiction over all cases involving questions of international law or of any fact which, if established, would constitute a breach of an international obligation.

United Nations members are bound to obey the Court's decision. If they do not, the Security Council may take measures to enforce it, including the imposition of economic and military sanctions. In the turmoil of the past eight weeks, Article 36 of the United Nations Charter which requires that the Security Council, in making its recommendations, consider that "legal disputes as a general rule be referred by the parties" to the Court, has apparently been overlooked. It is time to consider this article again.

An agreement by both Britain and Argentina to submit their disputes to the International Court, could not be considered a humiliation of Argentina. Since Britain has never publicly proposed it, the Junta might ever be able to convince the Argentine people that moving the issues to the International Court represented a victory for what they consider to be Argentina's just cause.

Britain would certainly have a right to expect the continued support of the U.S., the Common Market and its other allies. The U.S. in particular, would be in a strong position to urge the nations of Latin America to back such a proposal. Those who oppose such a submission would be put in a position of asserting that, while Argentina's claims are valid, the issue should not be submitted for neutral judicial resolution. Opposing the intervention of the International Court would amount to a public statement that Argentina's claims are not substantial enough to survive impartial professional examination.

If, contrary to most expectations, the Court ultimately decided in Argentina's favour this would not impair the great principle of the rule of law for which Britain has been fighting. If the Court decides for Britain, the decision will open the door to such prospects as a UN trusteeship. It is extremely difficult to see how the UN can impose a trusteeship over Argentina's objections while the issue of sovereignty remains open.

I make this suggestion with diffidence. I am all too aware, as an American, that overtures made by the Reagan Administration to the Argentine Junta may have misled that régime into concluding that the U.S. would not oppose and might even support its takeover.

Finally I am conscious of the well-recognised U.S. proclivity to regard all major political issues as ultimately susceptible to judicial determination.

Nevertheless, submission to the International Court appears to involve no significant disadvantages to Britain and would, at the least, provide a British position to which men of goodwill could continue to adhere. Time would be gained; inflamed passions could subside. The long-term disadvantages arising from the use of force could be minimised. The U.S. would be on firm ground in undertaking a diplomatic fence-mending offensive, in Latin America.

Daniel Davidson is a Washington lawyer who was a U.S. delegate to the Vietnam peace talks in Paris and served on Dr Henry Kissinger's National Security Council staff.

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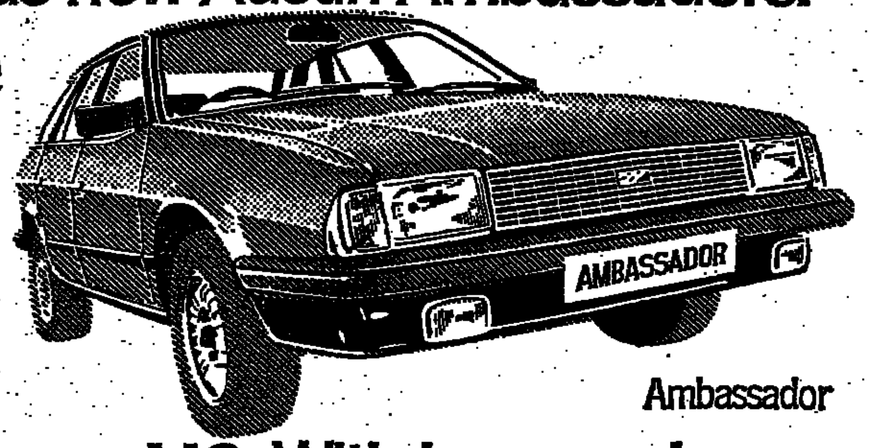

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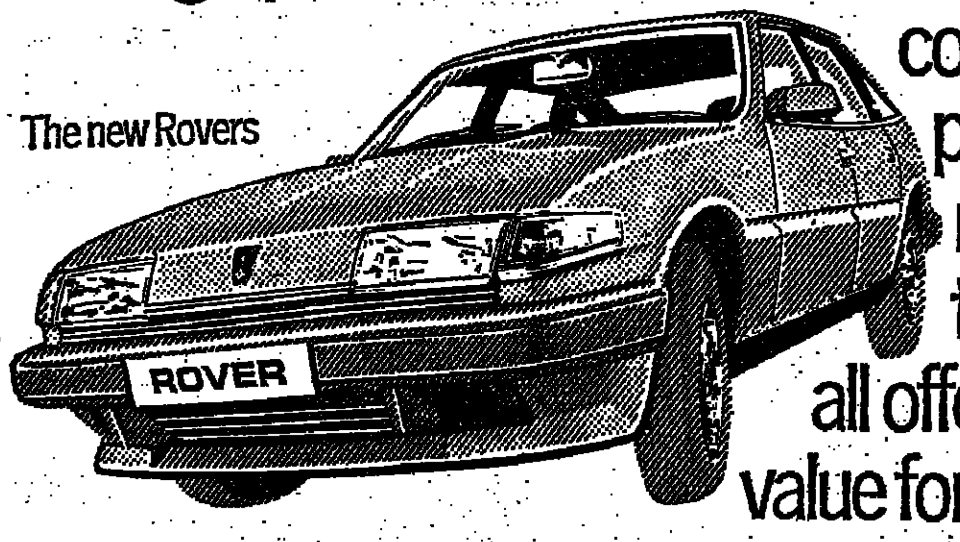

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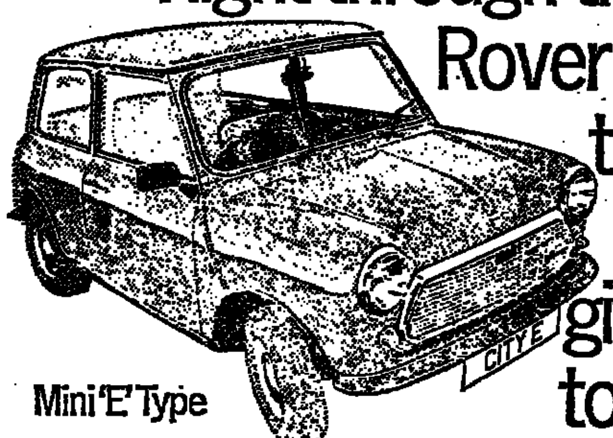

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Egypt keeps subsidy levels high despite pressure from IMF

BY ANTHONY McDERMOTT IN CAIRO

EGYPT IS to maintain subsidies at about the same controversial level as in previous years in its budget for 1982-83, which comes into force on July 1.

This was announced after the Cabinet had approved the draft budget and with it have emerged more reliable details after several weeks of contradictory information given by ministers and the media in Cairo.

According to Mr Safwat Sharif, Minister of Information, government subsidies on basic consumer items will total E£2bn (£1.3bn) which would represent a slight reduction from last year's budget when they totalled E£2.3bn.

This figure does not include hidden energy subsidies absorbed by the state-owned Egyptian General Petroleum Corporation of between E£2bn-E£3bn.

Egypt is under pressure not just from organisations such as the International Monetary Fund to reduce these enormous figures but also from the fact that, as world food prices rise, the subsidy sum becomes larger—as does the budget deficit.

But for political reasons the Government is reluctant to reduce subsidies drastically. When such a decision was taken before, the government of the late President Sadat was severely shaken by the "bread riots" of January 1977.

On the budget deficit, Mr Sharif said that by limiting imports and curbing its own expenditure, the Government hoped to stabilise the deficit to E£1.4bn in 1982-83. U.S. estimates, however, put the current budget deficit at about E£3bn, and others put it even higher.

It is hard to see how much trimming can be done from last year's budget, whose main components broke down as follows: *subsidies E£2.3bn; wages E£2.1bn (these will certainly rise)*; armed forces E£1.6bn (this is understated and it has been announced that there will be no cuts); and debt servicing E£2.4bn (which might also rise).

Wine sales boost

FRANCE exported more than 177m bottles of wine to Britain last year, 20 per cent more than in 1980.

The Austrian Wine Board in London says that imports to Britain in the first quarter of this year totalled 52,000 gallons.

Patrick Cockburn looks at Arab fears of Iran's intentions

Gulf states take stock of defences

AT THE end of last year, "the Iranians could come across the Gulf in a rowing boat," said a diplomat in Bahrain last month. Since then the Arab oil states on the western side of the Gulf have been taking anxious stock of their diplomatic and military defences.

Their fears increased when a conspiracy to overthrow the ruling family of Bahrain was discovered in December. Some reports spoke of Iranian hovercraft, packed with troops, waiting on the other side of the Gulf ready to support the Bahrain insurgents. This is extremely doubtful, but in the current mood any canard is likely to be believed.

The speed with which the Iraqi army surrendered Khorramshahr has convinced the moderate Gulf rulers that President Saddam Hussein has *effectively lost the war*. Their fear is that Iran will not be satisfied with a limited victory over Iraq, but will press on to Basra and Baghdad.

There is a limited amount that Saudi Arabia and its five allies—Kuwait, Bahrain, Qatar, United Arab Emirates and Oman, grouped in the Gulf Co-operation Council (GCC)—can do about all this. There are 40m Iranians, more than four times the total population of the GCC states. If a regime sympathetic to Ayatollah Khomeini ever came to power in Baghdad the odds against the security of Arab oil producers would be even worse.

The Gulf states have already given substantial aid to Iraq. Their subsidy is believed to have totalled $22bn (£12.2bn) by last February, the lion's share coming from Saudi Arabia and Kuwait. Given that Iraq's own oil revenues are much reduced since April when Syria cut the Iraqi oil pipeline, they have little choice but to increase the flow of cash to Baghdad. This is in addition to the large sum, perhaps $25bn, being talked about as war reparations for Iran. Few people believe this offer will cut much ice with Ayatollah Khomeini.

Given their small populations what can the Gulf states do to defend themselves? Their first concern is dissidence at home. Bahrain is clearly the most vulnerable since, alone of the GCC states, a majority of its population belong to the Shia Moslem sect which is dominant in Iran. The ruling Khalifa family, however, in common with other Gulf rulers, are Sunni.

Thus the conspiracy in Bahrain, unmasked last December, sent shockwaves up and down the Gulf, diplomats said.

"A lot of information exposing the conspiracy originally came from other countries," says Mr Tariq al-Muayyad, the Information Minister and in future, co-operation between the security agencies in the GCC states will be much tighter.

It is difficult to believe that local dissidents inspired by Iran are sufficient in number to stage a successful uprising. The majority of the labour forces in the Gulf countries is foreign. Poverty amongst GCC citizens is limited, though not wholly absent. This is likely to prevent sympathy for Khomeini turning into revolt.

The linch-pin of the military defence of the western Gulf is Saudi Arabia. Over the past decade its armed forces have been lavished with military equipment, mostly from the U.S. Between 1971 and 1980 military sales worth $34bn by the U.S. to the Kingdom were agreed and $11bn delivered. Last October, the Senate approved the sale of five Awacs radar surveillance aircraft which together with ancillary equipment for 62 F15s already ordered is worth $8bn.

But despite the 52,000 heavily equipped men in the Saudi armed forces the Kingdom's Gulf allies, and many Western governments, have the strongest doubts about their military competence. The very weight of military hardware they have purchased seems to have overburdened their soldiery. The prolonged attempts to re-take the mosque in Mecca from fundamentalist fanatics in 1979 were not a good omen for the future. Awacs has difficulty in spotting low-flying aircraft.

Oman, alone of the other Gulf states, can field a proficient military machine. It has some 15,000 men with British officers in some operational and most technical posts. The GCC is now looking at the equipment needs of this force and is expected to fund some of the arms purchases made by Sultan Qaboos. Oman's allies are also keen to prevent it becoming too reliant on the U.S. which is upgrading a number of airbases, the most important of which is at Oman's Masirah Island.

The other four states belonging to the GCC—Kuwait, Qatar, United Arab Emirates and Bahrain—could not put up much resistance to a concerted attack by the Iranians. But they are eager to show Tehran that they cannot be picked off one by one, that they stand together. "It would be a rational defence policy to make themselves more prickly," says a diplomat, "so you couldn't motor across the Gulf with a couple of brigades."

To this end, radar surveillance is being co-ordinated with Awacs as its centrepiece. There are few illusions that GCC members could hold off a full-scale Iranian assault. Instead, the Saudis would rely on U.S. military intervention using Awacs and other facilities.

The problem for the small Arab oil states is that if they get too close to the U.S. to secure long-term guarantees for their safety they may anger Tehran. This could precipitate the situation they most wish to avoid.

World Bank agrees loan to India

By K. K. Sharma in New Delhi

THE WORLD BANK yesterday announced a loan of $304.5m to help rural electrification programmes in 14 Indian states, the third such loan since 1979.

The loan comes with a relatively high 11.6 per cent annual interest rate plus an 0.75 per cent commitment charge, compared with the terms of the Bank's soft-loan affiliate, the International Development Association (IDA).

IDA loans carry just a service charge of 0.75 per cent and since they are repayable over 50 years, are virtual grants. India has traditionally received 40 per cent of the total IDA assistance, but the World Bank has now announced that Africa and other needy countries will be its main beneficiaries.

Indian Finance Ministry officials are presently touring the capitals of Western countries prior to the Aid-to-India consortium meeting starting in Paris on June 14.

The World Bank hopes that India's donors will commit $3bn for the coming year and have circulated a highly favourable report on the Indian economy. India urgently needs large aid commitments to enable it to carry out its development programmes at a time when foreign exchange reserves are falling rapidly.

Saboteurs attack S. African fuel store

By Bernard Simon in Johannesburg

SABOTEURS have caused extensive damage for the second time in less than a week to fuel storage installations in South Africa. The latest attack took place on Wednesday night at the northern Natal mining town of Paulpietersburg. A fuel depot owned by Total, a subsidiary of Compagnie Francaises des Petroles of France, was attacked.

Details of the damage are sketchy, but a police official said it was "extensive." The depot was still on fire 12 hours after the attack. Petrol tanks, an oil store and two tankers were destroyed.

Last Friday, a similar depot owned by BP Southern Africa was severely damaged at Hectorspruit, 20 miles from the border with Mozambique. Police said they had evidence that the attack was carried out with limpet mines.

Besides the damage to the fuel depot at Paulpietersburg, several bombs near the town exploded on the main railway line to the coal export terminal at Richards Bay. According to local reports, 18 coal trains were temporarily stranded as a result of damage to the line.

The Richards Bay rail line, which links the port to the eastern Transvaal coalfields, has been severed several times in the past year or two by saboteurs.

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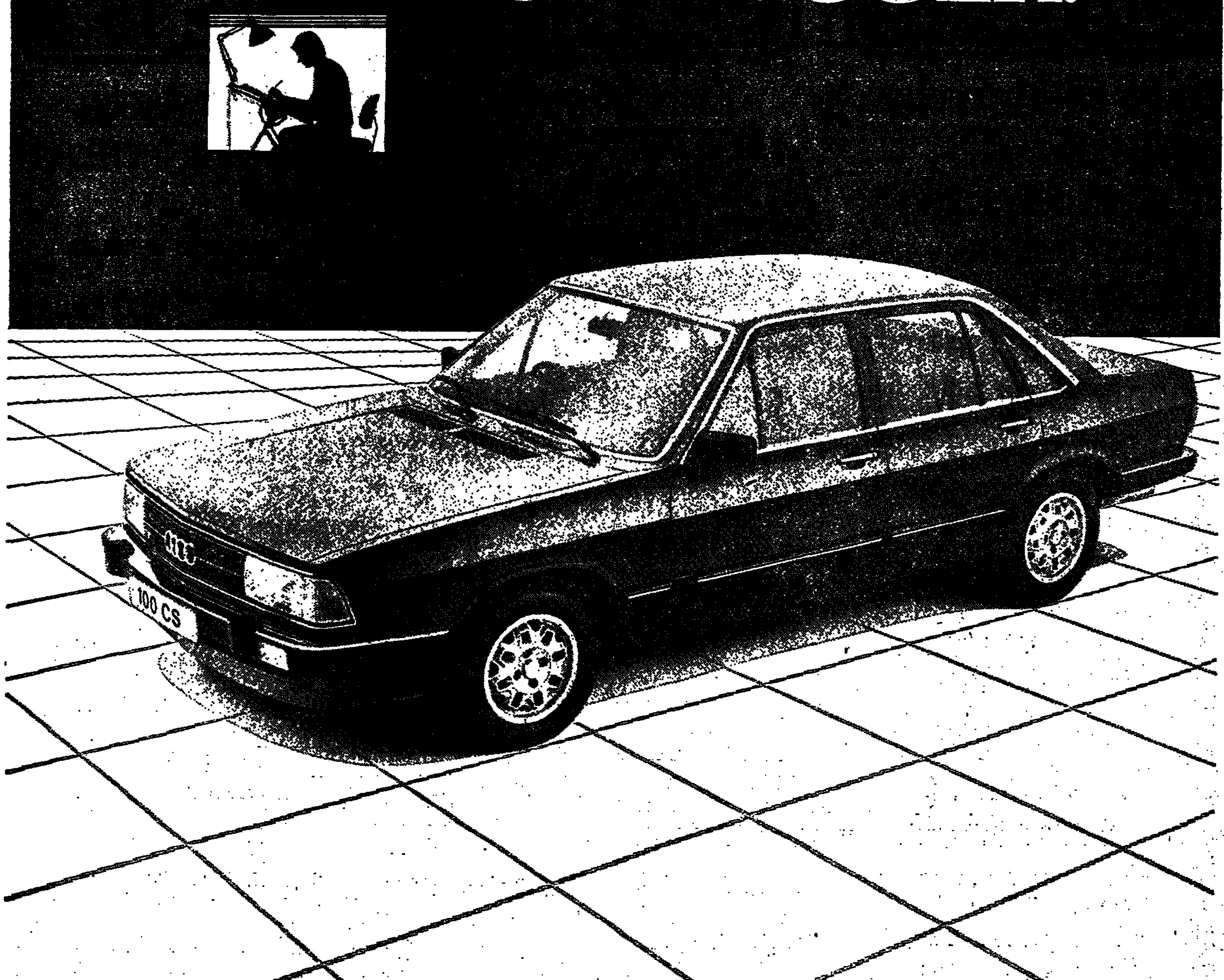

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Police 'assaulted trade union leader' in jail

PRETORIA—A white union organiser said in a sworn statement 14 hours before he was found hanged in a jail cell that security police had beaten him and applied electric shocks. Police maintain he committed suicide.

The statement by Dr Neil Aggett was made public in a Supreme Court hearing on Wednesday over whether or not it was admissible at an inquest into Dr Aggett's death in detention on February 5. A ruling is expected today.

The text of the disputed document was published yesterday by the South African Press Association and the Rand Daily Mail.

On January 4, Dr Aggett said in the statement, a security police sergeant, whom he named, slapped his face and punched him in the head and chest during interrogation.

"This sergeant wore a wristwatch which cut my right forearm and it was bleeding. Later (he) went to wash off the blood that was on him. While I was assaulted by him, he grabbed me by the scrotum and squeezed my testicles," Dr Aggett said in the statement.

He also said he was kept awake for 48 hours from January 28-30 and blindfolded with a towel the night of January 29.

"They made me sit down and handcuffed me behind my back. I was shocked through the handcuffs.

His statement was dictated to Sergeant Aletta Gertrude Blom on February 4 at Johannesburg police headquarters.

Ominous silence on Vietnam's border

BY ALAIN CASS, NEAR LANG SON ON THE VIETNAM-CHINA BORDER

AFTER THE first downpour of the rainy season in this remote mountain province the mists over the Friendship Pass into China clear, and it is just possible to make out a radar aerial slowly revolving on a hilltop.

"That's the nearest Chinese unit," the local Vietnamese party official says. "There's a heavy artillery unit beyond. All in all, they have 200,000 troops massed in this sector."

The Vietnamese military say China has more than 500,000 troops along the border and could mobilise a million more. "They are also building new military airfields," a colonel said. "They have 2,000 aircraft, the nearest 10 miles from the border."

The Vietnamese seem to be taking no chances. In the rugged peaks which run along the 680 mile frontier there are estimated to be more than 200,000 border guards and elite units dug in.

A few are visible from the road, but not many. Soviet T-54 tanks, twin-barrelled anti-aircraft guns, fuel dumps and trucks are in the hills, camouflaged by bamboo roofs to make them look like tribal huts from the air.

High on an escarpment a missile site is silhouetted against storm clouds streaked with red. This is the front line in Asia's most protracted conflict, the struggle for supremacy between Vietnam and China, the former now backed by the Soviet Union, the latter tacitly encouraged by successive U.S. Administrations.

On and off the conflict has stretched over 2,000 years of complex Asian history. The last major outbreak was in 1979 shortly after the Vietnamese invaded Kampuchea, installing the Heng Samrin regime in Phnom Penh and becoming, for the first time, a major regional power.

China has since cut off all aid and—a major blow to Hanoi—backed the deposed Khmer Rouge with a steady flow of arms through Thailand, completing what the Vietnamese refer to as a pincer movement.

The 1979 war and the invasion of Kampuchea were turning points for South-East Asia, sharply defining the differences between those non-Communist States who see China as the main threat and those who regard Vietnam, backed by the Soviet Union, as a greater potential force for instability.

The 1979 war lasted for 19 days, and was fiercely contested with huge losses on either side. The Vietnamese today admit to between 50,000 and 60,000 dead. Chinese losses were almost certainly much higher.

The Chinese also left behind a trail of apparently wanton destruction which Hanoi's propaganda machine now exploits by allowing foreign journalists the rare privilege of visiting these sensitive border regions.

The town of Lang Son, once an elegant little provincial capital of French Indo-China, is today only half alive. Entire streets have vanished. The ruins of buildings flattened by explosive charges *during the brief Chinese* occupation litter the town like open sores.

The border is, in fact, now relatively peaceful. There is the odd skirmish and mortar attack but Peking does not appear to have stepped up its attacks in response to Vietnam's push against the Khmer Rouge in Kampuchea and this is seen by some observers as a good sign.

China has also refrained from threatening to give Vietnam a "second lesson" in recent weeks, a threat frequently made in the past three years. Publicly the Vietnamese pooh-pooh this silence. "They are merely biding their time," is the official line in Hanoi.

The elimination of the "Chinese threat" is the main plank of Vietnam's preconditions for full withdrawal of its 200,000 troops in Kampuchea and is therefore of central importance to peace in the region.

Both Vietnam and China would have much to gain from peace. Both countries are embarked on economic reconstruction and for Vietnam, the task is vital. The pressures on China, though great, are perhaps less acute.

But the issue is not peace. It is who rules the roost in South-east Asia. Vietnam has never wavered from its two 30-year-old objectives: to regain the south and to control Indo-China—both now largely achieved. It will take Peking a long time to come to terms with this new reality.

U.S. envoy aims to break impasse over Namibia

BY CHRISTOPHER PARKES IN WASHINGTON

GEN VERNON WALTERS, U.S. special envoy, is to visit Angola this week for talks aimed at breaking the deadlock over independence for Namibia (South West Africa).

Gen. Walters, who has long experience of delicate diplomatic missions, was in Tanzania this week where it is believed to have met President Julius Nyerere. He is also to see President Kenneth Kaunda of Zambia in a tour of the countries most closely involved with the Namibian negotiations.

Gen. Walter's trip, together with a meeting in Bonn on Tuesday between Mr Chester Crocker, Assistant Secretary of State, and Mr Sam Nujoma, leader of the South West Africa People's Organisation (Swapo), is part of an attempt to move the talks forward "on an urgent basis," the State Department said.

The surge of diplomatic activity appears to indicate that the Reagan Administration believes the so-called front-line black states and South Africa are ready to start negotiations again.

The State Department has also been encouraged by recent signs that the Angolan leadership has been attempting to improve its contacts with Western countries.

The hope in Washington is that, given a satisfactory settlement of the Namibia issue, Angola may be prepared to send home many of the estimated 15,000-20,000 Cuban troops on its soil.

Negotiations suffered a setback earlier this year when the Swapo leadership rejected the western formula for pre-independence elections in Namibia, involving a mix of proportional representation and constituency voting, intended to ensure that ethnic minorities win some seats.

hTe talks in Bonn between Mr Nujoma, Mr Crocker and Herr Hans Dietrich Genscher, the West German Foreign Minister, are understood to have covered possible ways of resolving, or perhaps temporarily shelving, the elections problem and moving the talks into new areas.

Mr Nujoma said in Bonn that he still rejected the voting formula. But he was encouraged because the U.S. and the four other nations in the Western "contact group" were changing their procedures, presenting their proposals in one package instead of several phases. State Department officials also seemed content that progress was made.

Gen Walters, who has said that only one in four of his diplomatic missions is known of outside the State Department, spends half his working life travelling.

JDF Jones adds from Johannesburg: Mr Dirk Mudge, chairman of the Namibian (South West African) Ministers' Council, has called for an election—with or without Swapo—

Mr Mudge, who was speaking in the national assembly in Windhoek yesterday, said that Swapo should not be allowed to veto the original proposals of the Western contact group.

He added that—within thirty days—the numbers, composition and role of the proposed UN monitor force should be settled, that it should be confirmed that Cuban forces withdraw from Angola at the same time as the South African defence force, and that "assurances and undertakings" be given concerning post-independence financial aid

Blacks' incomes rose 21%

By Our Washington Correspondent

INCOMES of black U.S. citizens rose 21 per cent during the 1970s, compared with a 16 per cent increase among whites, according to new census figures released here.

In 1970 black per capita income, measured in constant 1980 dollars, averaged $3,996 (£2,196). By the end of the decade it had increased to $4,804.

In the same period white incomes measured on the same basis rose to $8,233.

The latest assessments are based on a new formula, in which the Census Department Bureau departed from its traditional method of measuring prosperity according to inflation adjusted income per family.

When this formula is applied, whites are shown to have gained marginally while blacks lost ground.

Bank reduces prime to 16%

THE First National Bank of Boston cut its prime rate to 16 per cent from 16½ per cent yesterday, matching the move made ten days ago by Citibank of New York.

Anatole Kaletsky in Washington analyses the failure to agree a 1983 U.S. budget

'Mickey Mouse' Congress revives home truths

The House of Representatives will be able to choose next week between President Reagan's budget and Democrat and Republican alternatives, House Speaker Tip O'Neill said yesterday. Reuter reports from Washington.

He said he and Democrat leaders decided the procedure in hope of speeding-up the budget process. Last week the House rejected seven proposed budgets.

PRESIDENT REAGAN is ashamed and disgusted about what the U.S. Congress has done to his economic programme. He has made no secret of this. Last week he declared that he would have to do his best to "change the subject" when other world leaders at the Versailles economic summit raise the question of U.S. interest rates and budget deficits. The only alternative, Mr Reagan said, would be to draw the world's attention, and scorn, to the "irresponsible Mickey Mouse" behaviour of the Congress in failing to agree on a 1983 budget.

Other world leaders may envy President Reagan the luxury of such a convenient scapegoat for his economic problems. But they are likely to accept the President's account of the past four months of budgetary fiascos at face value. For there will be no representative of the U.S. Congress sitting in on the summit.

In two ways the absence of a congressional voice in Versailles is a pity. Firstly, because the President has in effect abdicated his responsibility for economic policy-making in the U.S. to Congress this year by leaving it entirely up to congressmen to devise an alternative to his original, and unacceptable, budget plan.

Second, because, beneath the "Mickey Mouse" congressional politicking which has irritated the U.S. public and financial markets as much as the President, the Congress has injected some important new ideas into the U.S. economic environment. These have arguably made it less likely that the present recession will continue indefinitely or that a brief recovery will be followed within months by another collapse, triggered off by a renewed upsurge in interest rates.

These new ideas, which are just re-statements of blindingly obvious economic and political truths, ought not to be ignored by President Reagan's colleagues at Versailles.

The first home truth which Congress has disinterred is that budget deficits matter, and matter very badly, in an economy which is crippled by high interest rates and chronically inadequate savings. It is worth remembering, when the President seeks to shift blame for the deficits onto an indecisive Congress, that his original budget proposals would, according to all independent estimates, have led to deficits of over $120bn (£66.5bn).

Both the President and Mr Donald Regan, his Treasury Secretary, argued repeatedly in the early budget debate that the size of the deficit would have no significant impact on interest rates.

One reason why the financial markets are less depressed now than might be expected in such a limbo of economic policy is that many investors believe that the highest priority for Congress is still to cut the deficits, by whatever means.

Second, Congress has reminded the President and the U.S. public that deficits can be reduced by raising taxes, as well as by cutting spending. That reminder was badly needed after President Reagan rejected all appeals in February, many of them from his own staff, to raise indirect taxes, or modify the 10 per cent income tax cut scheduled for July 1983.

But the most important home truth which Congress has brought to light has also been the least publicised. It is that budget deficits have to be viewed in conjunction with monetary policy to gauge their impact on interest rates.

Both the Senate and the House of Representatives have quietly adopted resolutions instructing the Federal Reserve Open Markets Committee to "re-evaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy."

These resolutions are not yet being taken very seriously by Wall Street, partly because of their vague wording and partly because of constitutional misunderstandings about the Federal Reserve's political independence. But, they could have far-reaching and dramatic consequences.

The Federal Reserve has acknowledged, although with as little fanfare as possible, that it would be bound to follow any specific directions on monetary policy it received from the Congress, because its constitutional independence is from the President, not from the Congressional branch of government. The latest such acknowledgement came in a letter from Mr Paul Volcker, the Fed chairman, to Mr Henry Reuss, the chairman of the Congressional Joint Economic Committee, on May 24.

The wording of the Congressional resolutions, while vague, is intended to convey to the Fed a clear message: that once Congress passes a budget with a deficit around the $100bn mark, interest rates will be expected to fall. If they do not start falling of their own accord, the Fed will be expected to make them fall, if necessary by injecting new reserves into the banking system and allowing a faster expansion of the money supply.

Even the Conservatives in the Congress appear to believe that, once a budget is passed, it will be up to the monetary authorities to make sure that it has the necessary tonic effect on financial markets and interest rates. Certainly, the idea that a recovery could be choked off by high interest rates resulting from an over-tight monetary policy is becoming totally unacceptable politically. There have even been hints from the White House to this effect.

What remains to be seen is whether the Fed governors agree that it is in their power and appropriate to ensure that interest rates do not rise again. Some, at least, are known to believe that their job is to fight inflation but to be quite open minded about whether this has to be done through strictly monetarist means.

If it comes to a conflict between strict monetarism and economic recovery later this year, the pressure from Congress should be enough to tip the balance and ensure that recovery prevails.

Business failures increase

TORONTO — Business failures in Canada last year came close to the record number in 1932, according to an indexing system used by the credit research company Dun and Bradstreet Canada.

Files kept with the company indicate that failures rose to 151 for each 10,000 businesses on file with the company in 1981, a 15 per cent increase from the 131 failures per 10,000 recorded in 1980.

The record since the system was established in 1921, was in 1932, when the failure rate was 161 for 10,000 companies on file.

The 1981 figure for Canada was 2.5 times higher than in the U.S., which showed 62 failures for every 10,000 companies, Dun and Bradstreet said.

Total bankruptcies in Canada in 1981 numbered 8,055, 22 per cent higher than the 6,595 of 1980. The U.S. reported 17,043 bankruptcies in 1981.

Debtors' reported liabilities rose to C$1.14bn in 1981 from C$783m the year before while 1981 assets totalled C$387m.

Dun and Bradstreet also reported a 36 per cent increase to 4,379 in failures from January to May 20, 1982, compared with 3,214 during the same period a year earlier.
AP-DJ

Appeal for mining in U.S. parks

By Our Washington Staff

THE U.S. Interior Department has agreed to consider an appeal that it should allow opencast mines to be dug in national parks.

The department has published "for public comment" a request from U.S. Borax—and Chemical, Pfizer, American Borate and Cyprus Industrial Minerals to extract talc and borates from Death Valley National Monument Park, California.

The request is the first to be accepted in Washington since 1980, when a moratorium on new mining in national parks expired.

Two Nevada Senators have introduced legislation which would remove the land U.S. Borax wants to exploit from the national parks. The proposals, however, seem likely to face strong opposition in Congress.

Environmentalists have also responded quickly. "We could get very active on this one," the Conservationist Wilderness Society said. To allow new mining to start would be a real step backwards, it added.

The Wilderness Society had been pressing the Carter Administration to extend the mining moratorium, introduced in 1976, when the Democratic President was defeated in 1980.

According to the Interior Department, there are some 4,000 to 5,000 valid mining claims outstanding in 30 to 50 national parks.

Canadians attempt to raise newsprint price

BY RICHARD LAMBERT IN NEW YORK

producers are attempting to implement a long deferred price increase on newsprint sold to the U.S. But some U.S. producers have decided to hold their prices down at the old level, and several North American companies are planning production cuts to reduce high inventory levels.

Abitibi-Price, which claims to be the world's biggest newsprint producer, increased its price by 5 per cent to $525 (£288) a tonne on June 1.

Other major companies, like Consolidated-Bathurst, followed suit. The increase had originally been planned for March 1, but was twice delayed because of competitive conditions.

Producers in western Canada increased the price of newsprint sold to the U.S. market on April 1. But some have already had to scale down production to maintain their higher price level, and there are reports of price discounting by some companies.

In the U.S., Kimberly-Clark and Great Northern Nekoosa said yesterday that they had decided to defer price increases originally scheduled for June 1, because of poor market conditions.

However Boise Cascade, which has newsprint mills in both Canada and the U.S., has raised its prices by 5 per cent.

Reed of Toronto, which put up its price this week, said that industry inventories now stretched out to around 56 or 57 days, compared with a more normal level of under 40 days.

One explanation was that consumers had been building up stocks in anticipation of possible strike action against eastern Canadian producers this summer.

However Abitibi-Price has now settled a new contract with its unions. Other companies have yet to reach agreement, but the possibility of major industrial unrest is said to have diminished.

Overall consumption of newsprint in North America has been relatively steady in recent months, but capacity has been rising fast.

In its recent annual report, Macmillan Bloedel said that the start-up of six large newsprint machines on the west coast in 1981 and 1982 would increase capacity by 40 per cent. To hold inventories down, the company expected to shut its newsprint mills for up to six weeks this year.

Gannett Company, the newspaper publishing group which is one of the largest consumers of newsprint in the U.S., said yesterday that there was substantial overcapacity in the North American newsprint industry.

INSIGHT INTO JAPANESE TECHNOLOGY

One of a series of interviews by Mr. Dick Wilson and Dr. Yotaro Yanase

Canon: A leading camera-maker strengthens its electronics expertise

The Japanese photographic industry is a formidable force today, surpassed by none in high quality 35mm cameras. It was not always so. Back in the 1930s, Germany set the standards for the world's optical industry—Leica was the king of the camera heap. And then, in 1935, along came a Japanese upstart with Asia's first 35mm focal plane shutter camera. It was called a Kwanon, after the Buddhist Goddess of Mercy.

The Kwanon, made by two dozen eager engineers, didn't last long. But it was enough to show that Japan could indeed rise above tin toys to make fine optical instruments. Those engineers could hardly have imagined that some day their dingy laboratory would grow into the world's largest manufacturer of 35mm SLR cameras. But it did. And that's how today's Canon Inc. got its start.

Canon was the world's largest manufacturer of 35mm SLR (single lens reflex) cameras in 1981, and has been ever since the debut of its AE-1 in 1976—the first SLR to incorporate a microprocessor electronic brain. The AE-1 is the best-selling SLR in the history of the photographic industry, with over five million sold in five years. In fact, the company estimates that one out of every four SLRs bought worldwide is a Canon.

But cameras do not tell the entire Canon story. Today, the company derives nearly half of its consolidated sales from business machines. In particular, the NP series of plain paper copiers are best-sellers in many markets, including Europe. And in optical products, Canon is a leading manufacturer of both mask aligners for semiconductor production and television broadcast lenses.

In figures, Canon's 1981 consolidated sales totalled over $2.1 billion, which should place it about 300th on the upcoming *Fortune* list of the 500 largest industrial firms outside the U.S. The company employs 24,300 people worldwide and markets its products under the Canon brand name in about 130 countries.

The U.K. market plays an important role in Canon's marketing strategy. Since January 1, 1982, Canon ships products directly to an independent new subsidiary called Canon U.K. Ltd., instead of working through the Amsterdam area headquarters as was done previously. Furthermore, Canon U.K. established on April 2, 1982, a new Camera Division with an investment of several million pounds, and it is expected to double the size of the company's total U.K. operation. The direct arrangement reflects Canon's recognition of the U.K. as an important market in its own right. Consumers will benefit through faster delivery of products and spare parts, as well as the lower distribution costs associated with direct marketing.

And the U.K. as a whole will benefit from increased employment opportunities as well as Canon's substantial tax payments on profits earned in the country. This is in line with the firm's long-standing policy of local production and investment. A European example is the Giessen copier plant in West Germany.

Canon is a virtual font of original technology. Measured by patents, for example, Canon stood nineteenth among all firms worldwide in number of American patents received during 1981. In fact, the company filed over 4,000 applications with the Japanese Patent Office in 1981—a 40 per cent increase over 1980.

These patents cover innovations in a wide variety of disciplines. Canon's thousands of engineers are distributed between precision mechanics, electronics, physics (including optics), chemistry and other fields. In recent years, the proportion of new electronic engineers rose steadily, reflecting the increasing importance of electronics in the company's product lines.

Among Canon's list of achievements is the world's first plain paper copying system to offer an alternative to xerography. Canon's NP system, announced in 1968, has grown to include a variety of technologies such as image retention—used in the NP-8500 Super, the world's fastest plain paper copier at 135 A4 sheets per minute. The company even makes the world's fastest full colour copiers.

Everybody knows that a calculator keyboard looks much more compact than the traditional adding machine with rows of keys for each digit. But how many people know that Canon invented the calculator-style ten-key pad? Back in 1964, the Canola 130 electronic calculator was the world's first to have only ten keys. Now, of course, that design is standard worldwide.

Even the electronic chips which are the brains behind calculators and other 'intelligent' machines are made on Canon mask aligners. Aligners are used to register and print microscopic circuits on silicon wafers from master patterns called masks.

Today's mass-production chips use circuits with line widths as narrow as one micron—or one-thousandth of a millimeter. Any image distortion during transfer of the mask pattern to the chip can ruin the outcome. That's one reason why it takes up to ten months to make a single lens used in a projection-type mask aligner. These instruments must be able to 'see' elements a thousand times finer than an ordinary photographic lens.

Building a structure designed for innovation

These breakthroughs are the products of a structure intended to foster innovation of the highest order. "We want to make it easy for engineers to work here," says Dr. Hajime Mitarai, Canon's director of R & D. "Our research system is designed to encourage innovation, not to hamstring scientists with bureaucratic rules."

One way the system gets results is by being project-oriented. Research is broken down into near, mid, and long term goals. Each of Canon's three main product groups (Photo Products; Business Machines, and Optical Products) has its own product development centre. These labs concentrate on products to be marketed within two or three years.

Next come projects intended for marketing up to ten years from the present, including entirely new areas of development. These are handled by the corporate research centre. A Future Technology Centre concentrates on basic research and technology forecasting for the long term. And to foster closer ties with innovators in other areas, Canon maintains two Advanced Technology Departments, in California and London.

To move ahead as fast as possible, Canon takes a component approach to future product development. Internal manufacturing of key components—vertical integration—tends to raise added value and maintain the differential factor in new products. Along these lines, in 1981 the company established a semiconductor research division which is preparing to manufacture the custom LSIs used in Canon products.

Technology sometimes gets a bad name from companies who grind out high-priced products incorporating new technology which does not benefit the consumer.

Not at Canon. The AE-1 camera mentioned above, for example, was planned from the beginning with a specific price point and features in mind. It was to embody an entirely new concept in SLR cameras. It had to be easy to operate with all controls automated, yet it was to cost substantially less than comparable models on the market. In short, Canon insisted on giving the consumer more features for less money.

Impossible cried the engineers, upon getting their assignment. But, as history shows, they did succeed. The solution lay in an electronic brain which took over control of many functions for ease of use, and at the same time allowed the engineers *to eliminate one-third of the* mechanical parts and thus reduce costs.

Added to product design innovations was an entirely new production system. By reducing the number of parts and modularizing those which remained, Canon was able to create an automated production system—the first of its kind for sophisticated cameras. This was another important contributor to lower costs.

Today, the AE-1 and its successors sell for less than an SLR did ten years ago, despite massive investment in new technology and geometrically increased energy costs. The consumer benefits by getting an easy-to-use, advanced camera for less than the prices of yesteryear.

Canon continues to use its technological resources to make fine photography easier for the amateur. The AL-1 camera, which went onto the U.K. market in April this year, incorporates a Quick-Focus system to take one of the last barriers away from SLR photography. And the AE-1 PROGRAM model features fully programmed automatic exposure so all you need do is focus and shoot.

Advanced technology for the future

One of the most promising recent developments started as an accident in a Canon research laboratory. A project team had been assigned the task of developing a new reproduction technology to complement the company's NP copying system.

Their goal: to make an ink-jet type printer which would be simpler, faster, more reliable, and less expensive than any previously available. Ink-jet printing is one of the major areas of future growth in recording technology. It is attracting considerable attention as the 'printing system of the future.' With an ink-jet printer, machines can print directly onto plain paper. The mechanism is less complicated than photographic processes, which require developing and fixing.

However, ink-jet systems had been restricted by their small number of ink nozzles which limited their use to slow serial printers. Canon's aim was to develop a multi-head system which could be used as a line and graphic printer. It had to be faster and more versatile than anything on the market.

And so, one fine day in 1978, a group of Canon engineers found themselves experimenting with ink drop expulsion techniques. Someone, in a hurry to finish, left an ink-filled syringe lying across a heated plate.

Lo and behold, after a few moments on the heat source, the syringe shot an ink drop into the air—all of its own accord. The solution was found. Instead of complex piezo-electric or mechanical energy sources, Canon would use simple heat for ink-jet technology.

In laymen's terms, heat generates a bubble inside the ink nozzle. The bubble forces an equal amount of ink out the end of the nozzles. Thus, controlling the heat source also controls the frequency of the ink drops.

Because Canon's Bubblejet system is uncluttered with complex ink drop generation mechanisms, many nozzles can be lined up together to make a real line printer—much faster than the old ink-jet systems. Canon put 2,000 tiny nozzles in a line as wide as an A4 piece of paper for a prototype demonstration last autumn.

Eventually, this technology will be as important to the company as its NP coping techniques. Bubblejet Printing could be used in output printers for office equipment, hard copy printers for colour video units, and more.

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WORLD TRADE NEWS

Air Canada may delay delivery of Boeings

By Robert Gibbens in Montreal

AIR CANADA, one of the first major world airlines to commit itself to the 200-seat Boeing 767, will probably delay deliveries of 12 of the airliners and could drop options on a further six.

The U.S. Export Import Bank is committed to financing about C$1.1bn (£493m) of the estimated C$1.5bn cost of all 30 Boeing 767s that Air Canada originally planned to buy.

Air Canada is due to take delivery of the first 12 767s starting this October. The aircraft will replace old DC-8s.

The company is considering delaying delivery of a further 12 due in 1985 and 1986, and another six due in 1987. Alternatively, options on these last six aircraft could be dropped altogether. The final decision will probably be made in late September when the company can assess its performance in the key third quarter.

Air Canada, owned by the Federal Government, showed a loss of $C27m in the first quarter as traffic declined and costs continued to rise. The second quarter has not shown any recovery and the company may well show a loss for the full year.

The third quarter is normally the most profitable because of the weight of tourist traffic on domestic and international routes. If this quarter does not hold up this year, the company has warned that service reductions and lay-offs may follow.

Existing expansion plans have been dropped, and over the past two years the number of seats available has declined by about 15 per cent.

The recession affecting the country, declines in personal incomes, a severe drop in company profits and delayed energy projects have all been factors affecting Air Canada's performance.

Hong Kong prepares to fight EEC threat to its textile sector

BY GILES MERRITT, RECENTLY IN HONG KONG

THESE have been tough recession years at the Wing Tai, or "Everlasting Prosperity" company, in the sweaty and bustling Kowloon Bay garment district of Hong Kong. Wing Tai is losing $1m (£555,000) a year on the 13m pairs of jeans worth $110m that it produces annually for world export markets.

Unused to such reverses, Wing Tai has tried manufacturing inside its major U.S. market. Poor productivity forced it to close its El Paso plant in Texas, and moreover, it has lately installed advanced computer-controlled cloth-cutting technology by Hughes Aircraft to trim its materials cost. Wing Tai, in short, is typical of Hong Kong's flexible and resilient approach to manufacturing and trading.

Yet the fear is that for both Wing Tai, and the whole of Hong Kong's huge textiles and clothing sector, the worst is still to come. For, if the textile trade negotiations that opened in Brussels on June 1 between Hong Kong and the European Commission produce a deal as restrictive as some EEC governments would wish, not only its garment-making industry but the Crown Colony's entire economy will be dealt a heavy blow.

Concern over the immediate future of its textiles and clothing sector and the longer-term health of its light industries help to explain why Hong Kong is now prepared, along with other Multi-Fibre Arrangement (MFA) hardliners, to take to the brink a world textile trade pact governing an estimated $80bn worth of business.

Hong Kong is just one of the 28 low-cost textile producing countries now embarking on bilateral negotiations with the EEC that will shape the scale and generosity of the renewed MFA governing the EEC's 1982-86 imports. The worry is that the EEC has already warned that, unless the MFA deals are satisfactory—meaning cuts in the growth of textile imports—it will in effect scrap the whole MFA system that was originally set up a decade ago to liberalise clothing imports from the Third World.

Hong Kong is especially vulnerable to the EEC's protectionist change of heart. Along with countries like Taiwan and South Korea, it makes up the handful of "dominant suppliers" that account for about 40 per cent of MFA imports into the Community and are being targetted for the heaviest cutbacks. The EEC view is that with a booming economy enjoying sustained 8-10 per cent growth rates at a time when most nations are suffering economic stagnation or contraction, Hong Kong can afford it.

The potential for damage to Hong Kong's finely balanced economy, which relies on the textiles sector for 40 per cent of all manufacturing jobs, is considerable.

The political importance of Hong Kong's position is that its bitter resentment against what it sees as victimisation has led it to organise resistance among the other MFA countries against the EEC demands.

The reasons for Hong Kong's unusually belligerent stand are not hard to find. Manufactured exports are the lifeblood of the economy, and the threatened textiles and clothing sector accounts for almost a quarter of gross domestic product. Senior government economists calculate that because of Hong Kong's success in moving strongly into the quality end of the clothing business—it now makes world-famous "designer" ranges and sells to Harrods—the impact of the 10 per cent cut that Brussels will attempt to negotiate would be disproportionately severe.

Hong Kong's texqtile industry provides 40 per cent of the colony's manufacturing jobs.

Textiles and clothing represent 41 per cent of Hong Kong's domestic exports, but because of their increased value a 10 per cent cut in the volume of garment sales to the EEC could add up to a 10 per cent cut in the value of Hong Kong's total export earnings for this year and in years to come.

To bring such figures into slightly sharper focus, it should be pointed out that any such reductions would entail a slowdown in Hong Kong's export growth rate rather than a real shrinkage of its export business. But the slicing of that rate by half to 4 per cent, which is what the Government's analysts reckon the EEC cuts would mean, nevertheless spells trouble throughout the export-led economy.

Hong Kong's many small clothing factories would suffer a wave of closures and, with the access to world markets of its other chief light manufacturing sector of electrical and consumer electronic goods also under threat, the Crown Colony could be faced with an unaccustomed jobs crisis.

The ripples of a restrictive MFA deal for Hong Kong would furthermore exacerbate its government's problems of integrating and housing its still growing immigrant population from China—750,000 of whom continue to live in the noisesome shanties of the squatter camps despite a determined housing drive. Yet Hong Kong's mounting disquiet over the future of its textiles trade almost certainly stems from more than concern that its planned economic and social achievements are about to receive a rude shock.

The dawning suspicion in Hong Kong is that the basis of its prosperity—emulative rather than innovative light manufacturing, with a flair for spotting consumer trends—is now in jeopardy. The MFA talks come hard on the heels of France's embargo on quartz watches from Hong Kong. It is feared that the Crown Colony's 1m-strong manufacturing workforce will, in future, be squeezed by the pressures of Western protectionism and sharper competition from low-cost Third World producers.

Recognition of this coming pincer attack on Hong Kong's traditional industries hs moved the government to temper its long-standing non-interventionist principles. It is still a long way from the lame duck policies of many European governments but, with its present plans to create a climate in which Hong Kong's nucleus of three micro-chip producers will develop into a broader micro-electronics industry, it has nevertheless recanted its strict laisser-faire doctrine.

In public, Hong Kong's 17-man negotiating team is declared ready for a slogging match with the European Commission that could last three weeks. In private, the message is that EEC obduracy could always be matched by a walk-out.

Pacific flights accord expected

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

THE LONG RUNNING deadlock over Pacific air traffic rights between Japan and the U.S. appears to have ended on the eve of the Versailles summit, thanks to concessions by both sides.

A "provisional" agreement under which Japan will allow United Airlines to fly to Tokyo while Japan Air Lines acquires onward rights from Los Angeles to Brazil (valid from April 1984) is expected to be announced tonight in both Tokyo and Washington.

Other features of the agreement include landing rights for Continental Airlines in Nagoya and permission for JAL to add two points in America (Chicago and Seattle) to the points it is now allowed to serve.

The agreement is described as provisional because both sides still have demands outstanding. A comprehensive review of the current Japan-U.S. aviation agreement is to be held before the end of 1983 aimed at dealing with some of the more fundamental issues—such as fares—on which disagreement continues.

Japan and the U.S. announced sanctions against each other's airlines in December following refusal by Japan to agree to transpacific flights by United Airlines, except in the context of a comprehensive review of aviation relations.

The sanctions were lifted "temporarily" after talks in Tokyo in January, which, however, failed to settle any of the major issues. In March the two sides met, and again disagreed, in what were supposed to have been "final" talks in the Californian city of Palo Alto.

During the January and March talks, U.S. aviation negotiators stressed the "linkage" between aviation issues and the wider issue of Japan's trade surplus with the U.S.

The Japanese Foreign Ministry apparently accepted the link and worked hard for an agreement based on concessions by Japan at the California meeting. It seems to have been thwarted, however, by the Ministry of Transport, which stood out for the interests of Japan Air Lines.

Israeli confidence grows over Egypt trade

BY MAGGIE FORD, RECENTLY IN CAIRO

ISRAELI businessmen will be heartened by the announcement from Mr Gideon Batt, the Israeli Trade and Industry Minister, that Egypt is to allow public sector companies to deal with Israeli companies.

Since discussions started about normalisation of relations between the two countries in the wake of the Camp David peace treaty, Israel has complained that in an economy which is 85 per cent state-owned, to restrict trade to the private sector showed a lack of serious intent on the part of Egypt.

Mr Batt, who arrived in Cairo on Tuesday, expressed confidence that two-way trade with Egypt would grow now that the public sector had been "given the green light."

Mr Batt met the Egyptian Ministers for Trade, Economy and Supply and the central bank governor during his two-day visit.

Despite the difficulties, trade between the two countries increased in 1981 to between $14m (£7.7m) and $15m, compared with a total of $12m in 1980. The trade largely flowed from Israel to Egypt.

Egyptian officials say that progress in normal relations between the two countries has been "remarkable" and that links between the two now exceed Egypt's relations with most Far Eastern and European countries.

The problem for the Israelis is always going to be the Arab boycott of Israel. Egyptian officials say that public sector companies have been told to treat Israeli approaches on an equal basis with other possible deals. They point out, however, that a company doing a lot of business with, say, Libya, is unlikely to want to put it at risk.

Israeli businessmen cite one other major hurdle to an increase in joint trade. Cairo has nominated one bank, the Suez Canal Bank, to handle letters of credit for all Israeli contracts. This, says Israel, is far too restrictive in that companies with banking arrangements at other banks are loath to start making fresh arrangements with a new bank.

Egyptian officials explain that trade has been restricted to one single bank in order to protect the country's foreign currency earnings from workers' remittances, now totalling $3bn. Egyptian workers abroad send their savings home through Egyptian banks with branches abroad.

"If the banks were seen to be dealing with Israel, the remittances would stop. We could not risk that," one official said.

The major trade between the two countries is in oil. Egypt supplies Israel with 2m tons of oil annually under a separate Camp David agreement. The arrangement suits both countries, providing Egypt with a secure market at a time of world oil glut, and Israel, traditionally the pariah in the world of oil supplies, with a secure supply.

Allis-Chalmers of the U.S. was yesterday officially awarded a contract worth $55m (£30.5m) to replace all 12 turbine blades of the high dam at Aswan in Upper Egypt, writes Anthony McDermott in Cairo.

The contract was signed in Cairo by Mr Maher Abaza, the Egyptian Minister of Electricity and Energy and Mr David Scott, the chairman of Allis-Chalmers.

The Aswan Dam, which was built by the Soviet Union in the 1960s, provides a high proportion of Egypt's electricity. Over the last few years cracks have emerged in the turbine blades.

This announcement appears as a matter of record only.
May, 1982

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Protests over Indonesian boost to domestic shippers

BY RICHARD COWPER IN JAKARTA

A MOVE to boost the volume of goods carried by Indonesian shipping lines, by decreeing that all exports and imports of government-owned goods should be carried by domestic shippers, has brought protests from foreign shipping lines.

A number of Western governments are considering making a formal protest to Indonesia.

The U.S. Government has already expressed its "serious concern" to the Indonesian Government in an *aide memoire* and has called for urgent consultations. Local ambassadors from the European Community are considering what joint action, if any, they should take.

The decree, announced last month and backdated to April 12, could affect as much as 40 per cent of Indonesia's total two-way trade. If fully implemented it would result in a sizeable reduction in the profits of many foreign shipping lines operating services to and from Indonesia.

Foreign lines are believed to carry more than 75 per cent of Indonesia's total trade.

Foreign shippers and commercial attaches at Western embassies say the new decree is badly thought out and discriminatory, and is likely to invite retaliatory measures from foreign governments.

The decree stipulates that all "export and import commodities owned by the Government of Indonesia will be carried by vessels operated by Indonesian shipping companies."

If Indonesian ships are not available, Indonesian national carriers may arrange for foreign charters. Government-owned goods covered by the decree include those financed by foreign aid and export credits.

Foreign shipping lines say that the scheme is not workable. "Indonesia does not have the ships to transport this amount of goods. They'll have to charter a huge tonnage — something which isn't done just by picking up a telephone. It's blatant flag discrimination—even goods financed by loans and aid now have to be carried by Indonesian vessels," says one foreign shipper with long experience in Indonesia.

The U.S. Government says the decree is in direct conflict with American shipping regulations. According to one joint venture shipping company the decree could be in breach of the Unctad code on conference lines to which Indonesia is a signatory. The code specifies that an exporter should carry 41 per cent, the importer another 40 per cent and the rest distributed between third party lines.

Singapore-Canada pact

BY KATHRYN DAVIES IN SINGAPORE

SINGAPORE and Canada yesterday signed a memorandum of understanding on the export of textiles and textile products from the republic to Canada.

The agreement is the first reached between Singapore and any other country on textiles since the Multi Fibre Arrangement (protocol three) was concluded last December.

It governs nine categories of textile products, including jeans, shirts and jackets, and will come into effect on January 1 next year for a four-year period.

The arrangement is described as "less restrictive" than the present arrangement, which has been extended until the end of the year.

Both countries also discussed their differences over the export of high quality jeans from Singapore to Canada following three days of talks between Singapore's Department of Trade officials and a delegation from the Canadian High Commission, led by High Commissioner Mr L. M. Berry.

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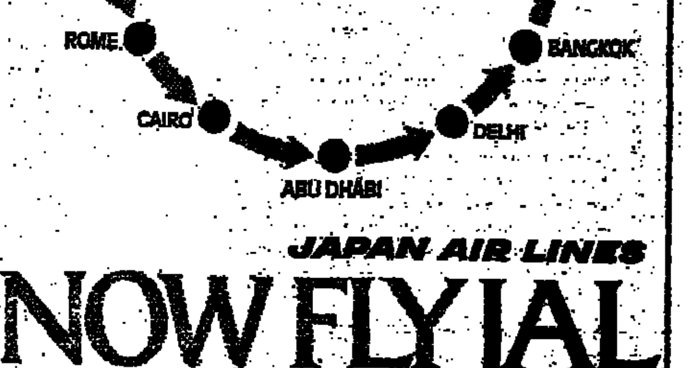

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SDP draws up industrial relations policy

By John Lloyd, Labour Editor

PLANS for industrial relations legislation and for the reform of trade unions are being completed by the Social Democratic Party's policy-making committees.

Trade union law will be discussed at a conference tomorrow. A proposal to set up an Association of SDP Trade Unionists will be put to the conference by Mr William Rodgers MP and is thought certain to be accepted.

The main proposals, already agreed by the SDP's committees on industrial democracy and trade union reform, are:

- An Industrial Democracy Act, which would require companies employing over 1,000 people to introduce works councils in every workplace, except those with less than 50 employees, within two years of the Act being passed.
- A comprehensive participation agreement within two years providing for election of employee representatives at all levels.
- The establishment of an Industrial Democracy Agency to "assess participation agreements against guidelines in a Code of Practice." The IDA will also offer advice and training in industrial democracy.
- A range of tax incentives and advice to co-operatives and to workers setting up their own companies.
- A change in the present system of "contracting out" of paying political levies to one of "contracting in." Trade unionists to have the right to indicate to which political party they wish the levy to be paid.
- Elections of members to union executives to be by postal ballot.
- Individuals to be able to resign union membership though closed shops would not be banned.
- The traditional system of granting unions immunity from legal action to be changed to one of "positive rights" for unions. This change would be made as part of an overall reform of industrial relations law.

The policy documents shy away from proposing major changes in collective bargaining structures, though they favour an increased role for the Advisory, Conciliation and Arbitration Service (Acas), and for intervention by government to improve collective bargaining.

Funds would be made available to unions which wish to merge "in the public interest," but no attempt would be made to set union contribution levels.

The policy documents also suggest that "political donations made by companies could be an issue on which companies could consult their workforce through a company council."

Shell Chemicals may shed 1,000 jobs in Cheshire

BY SUE CAMERON, CHEMICALS CORRESPONDENT

SHELL CHEMICALS UK is poised to axe 1,000 jobs and shut down 270,000 tonnes of annual production capacity at its Carrington complex in Cheshire. The company could even be forced to close the entire site, with the loss of another 1,000 jobs, but at present it seems to be trying to avoid such drastic action.

A meeting between the works management and union representatives to discuss the options is to be held at the site this afternoon. A final decision is expected to be made next month.

It appears that Shell Chemicals UK now feels it has little alternative but to make substantial closures at Carrington. Last year the company lost £45m, virtually all of which was attributable to Carrington. This year losses of a similar order are expected.

Shell has evidently decided it can no longer sustain losses of this magnitude and can see little hope of being able to restore the complex to profitability.

The site produces mainly commodity petrochemicals, including ethylene—the so-called building block of the industry—low-density polyethylene plastic, polypropylene plastic and polystyrene plastic. At present Western Europe is suffering from massive overcapacity in all these product areas and sales have also been hit hard by the recession.

Shell is believed to be exporting about 30 per cent of the base chemicals made at Carrington, but purely in order to keep its plants operating at high capacity utilisation.

The current weak market for commodity chemicals and plastics, allied to the fact that Shell is having to pay freight charges to transport its products to export markets, means the company is uncompetitive and is making wholly inadequate returns on its export business.

It seems likely that it will therefore try to trim production so that it can supply the UK market alone. Industry experts believe such a closure programme could involve the shutting of Carrington's 150,000 tonnes a year ethylene plant, 70,000 tonnes of the existing 140,000 tonnes of polyethylene plant, and 50,000 tonnes of the 100,000 tonnes of polypropylene plant. Some polystyrene capacity could be shut too.

Another factor in the decision to shut parts of the Carrington complex is the building of a new £500m ethylene plant at Mossmorran in Fife. This is being built by Esso Chemical, but Shell is meeting half the cost and will take half its production.

The Mossmorran plant, which is expected to come on stream in 1986, will use North Sea gas as a raw material and will be far more economic than the Carrington complex, even though the latter was modified at substantial cost only two years ago.

Shell believes it will be far more competitive in the petrochemicals market once Mossmorran comes on stream. And it is possible that ethylene could be piped from Mossmorran to Carrington.

However, this would only be possible if Imperial Chemical Industries agreed to give Shell part-use of the ethylene pipeline that crosses the Pennines from Teesside to the North West.

Investors in brokers and jobbers face tough rules

By John Moore, City Correspondent

THE LONDON Stock Exchange has issued tough guidelines for prospective outside investors in stock-broking and jobbing firms.

The move follows a decision by the exchange in April to raise from 10 to 29.9 per cent the maximum stake outside investors may buy in broking and jobbing firms.

Under the proposed rules the Stock Exchange's ruling council will require investors owning more than 20 per cent of a member firm to report annually on the amount and type of dealings done with the shareholder, including a report that an individual shareholder holding 20 per cent or more of the equity has contributed no more than 20 per cent of the firm's commission income in any one financial year.

If the council thinks a non-member shareholder owning more than 10 per cent of the equity of a firm is exercising undue influence in that firm, or is a harmful influence on the ethical standards or competitiveness of the market, then the council reserves the right to require the firm to instruct its major shareholder to sell the holding in excess of 10 per cent.

If the directors fail to take this action, the council will have the power to order the sale of the necessary shareholding.

Until the sale is concluded, the council will be able to prohibit the member firm from having any trading relationship whatsoever with the non-member shareholder.

The rules governing an outside investment in a jobbing firm are even stricter.

Treasury rethink on council grant penalty

BY ROBIN PAULEY

THE TREASURY is close to abandoning its plan to penalise local authorities in England which are set to overspend government targets by £1.4bn, or 7 per cent.

Treasury ministers, led by Mr Leon Brittan, Chief Financial Secretary, have argued that the level of planned overspending is intolerable, especially as the Government has already raised the current expenditure target for councils in 1982-83 by £1bn. Ministers have proposed a penalty of £500m to be imposed by withholding grants.

Cabinet ministers were more impressed by arguments from Mr Michael Heseltine, Environment Secretary, who said penalties could not be applied selectively. They would have to be imposed across the board, thus penalising many Tory underspenders, such as the Inner London Education Authority, which has no grant to lose.

The Government would also have to break pledges that no council which kept within its expenditure limit could be penalised.

The Treasury, finding itself with no support, cut its penalty demand to £200m and then to £100m. The Cabinet rejected both and the Treasury then proposed "something under £100m" with fading enthusiasm.

Many ministers and Mr Cecil Parkinson, party chairman, feel that the uproar from penalised Conservative under-spenders would outweigh the financial impact of such a small penalty.

Mrs Thatcher is also understood to feel that the best course is probably to do nothing although she has a deeply-held contempt for high-spending local councils.

She feels that strong action will be necessary for 1983-84. This may take the form of a further reduction in the percentage of local authority current expenditure funded by central government. This year it was cut from 59.1 to 56.1 per cent.

Company liquidity up in first quarter

By Max Wilkinson, Economics Correspondent

COMPANY liquidity improved considerably in the first three months of this year, according to the results of a Department of Industry survey, published today.

The survey, covering 200 of the largest industrial and commercial companies, showed a marked improvement in the liquidity of manufacturing companies, compared to the position in the last three months of 1981, and a rather less marked rise for non-manufacturing companies.

In the first quarter, companies' total current assets rose by £1.13bn, on a seasonally-adjusted basis, to £7.182bn, while liabilities rose on the same basis by £600m to £7.366bn. This resulted in an increase in net current assets of £530m in the quarter, compared to a fall of about £700m in the last quarter of 1981.

The liquidity ratio, which measures current assets as a proportion of current liabilities, rose from 89 at the start of the quarter to 96 at the end.

The liquidity ratios in the manufacturing and the non-manufacturing sectors are now about the same.

The department's survey does not give a full picture of the financial positions of companies because the selected assets and liabilities chosen for the survey vary in importance between the companies. The results can, for example, be affected by a switch to and from medium- and long-term loans.

The figures show an increase in the first quarter of 1982 of £870m in the assets of manufacturing companies and an increase of about £430m in current liabilities, which indicates an increase in net current assets of about £440m.

Call for more local powers

BY ROBIN PAULEY

THE National Health Service, all social services and support services, including the police, should be transferred to the exclusive control of local government, Mr Ken Livingstone, leader of the Greater London Council, said yesterday.

He told the Chartered Institute on Public Finance and Accountancy conference in Harrogate that the British public sector was not organised in the interests of the public. As much government as possible should be taken down to the level closest to the people.

This would require a system of unitary authorities based on borough councils in metropolitan areas, he said. He said these councils would need full-time salaried members.

This is the first, albeit oblique, public support from Mr Livingstone for the abolition of the metropolitan counties, which is being urgently considered by the Government, along with the possibility of abolishing the GLC and the Inner London Education Authority.

To give local government independence, Mr Livingstone proposed a local income tax, but added that central government would have to orchestrate a system of redistribution of tax incomes between authorities.

Reed to close Crown wallpaper plant

BY MAURICE SAMUELSON

REED INTERNATIONAL yesterday confirmed it is to close the Crown Wallpaper factory at Bredbury, near Manchester, which employs about 300 people.

The company said it would concentrate production of wall-coverings at its two remaining mills, at Oldham and Darwen in Lancashire.

Talks are being held with unions on the scale of redundancies. Cuts will be offset partly by 70 jobs to be created at a new warehouse at Oldham.

Reed said the closure reflected the world-wide overcapacity in the wallcoverings industry but that it would not cause any contraction in Crown's capacity. About £800,000 is being spent on refurbishing the Oldham and Darwen mills.

Electrolux yesterday announced a further 96 redundancies among its white-collar workers at Luton, in addition to the 100 production jobs which last month it said it was axing. They bring the Luton redundancies to 700 in the past 18 months.

The company blamed the latest cuts on "very difficult trading conditions" in the refrigerator market. It sold this was due partly to foreign competition and partly to the costs of its goods, which were "high-quality products."

It hoped to recapture some lost ground this year with two-door fridge-freezer cabinets.

Esso and Mobil to raise petrol prices by 8p

BY SUE CAMERON

ESSO and Mobil are abandoning subsidies to their petrol dealers and raising pump prices from about 161p to 169p a gallon. The higher prices will come into effect from midnight on Saturday.

Shell, which is joint leader of the UK petrol market with Esso, is expected to follow suit before the end of the week. BP Oil and Texaco have already announced higher prices and the reduction of subsidies to dealers.

Both Esso and Mobil yesterday stressed that they would need to put prices up again if the British National Oil Corporation's proposal to increase the price of North Sea marker crude by $2.50 a barrel goes ahead.

Both companies have been spending substantial sums on price support for their dealers. Mobil's subsidies are thought to have been costing some £3m a month.

Esso yesterday refused to say how much price support had been costing it but some industry experts believe the petrol giant could have been spending as much as £9m a month on subsidies.

All the major oil companies say they need pump petrol prices to rise to about 176p a gallon before their profitability will be restored to reasonable levels.

Gasco sues Isle of Man bank for £12m

BY JOHN MOORE, CITY CORRESPONDENT

MR JIM RAPER'S master company Gasco Investments of Hong Kong is suing a small Isle of Man-based bank for £12m. A writ was issued yesterday in the Isle of Man chancery courts against the Savings and Investment Bank.

Mr Raper last year took over Saint Piran, the Cornish tin mining company and its two publicly quoted subsidiaries, South Crofty and Milbury, in a controversial deal which led to a City row and the suspension of the subsidiaries' shares.

Mr Raper said yesterday his litigation had been launched after the Savings and Investment Bank agreed to advance Gasco £5.5m. Gasco, he said, received £4.8m and the legal action alleges breach of the loan facility. The funds were used to finance Mr Raper's purchase of Saint Piran.

Mr Raper said that the writ followed action launched against his business interests to recover the money so far advanced. Earlier this year, he said, the bank had sought an injunction.

Warning on cable TV quality

By Jasen Crisp

IF CABLE television were allowed to expand in a largely unfettered way, it would result in a narrow range of homogenised, light, popular programmes, warn Prof. Andrew Ehrenberg and Mr Patrick Barwise of the London Business School.

In evidence to the Hunt inquiry on the expansion of cable television, they oppose the recommendations of the Cabinet Office's Information Technology Panel and call for a rapid, regulated introduction of cable TV.

Unfettered expansion might be more profitbale and faster, but introduction thereof should be weighed against its social impact. "A high viewing share for cable TV could only be achieved by very popular programming: situation comedies, movies, action programmes, game and chat shows, sport and news . . . simple and undemanding of the viewer," they say.

The report adds that, if a large numbe rof homes were able to receive cable television, the BBC and ITV would produce a narrower range of popular shows to defend their market share.

The report concludes: "The question is whether the increase in the profitability and other economic spin-offs, which could realistically be achieved with unfettered expansion of cable, can outweigh the probably irrevresible sacrifice of our programming standards. The basic consideration has to be that television is of far greater social, than economic, importance."

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ANNUAL GENERAL MEETING of 30th April 1982

The Meeting of the Company's Shareholders was held in Segrate on the 30th April 1982 in order to approve the Balance-Sheet as at 31st December 1981.

In its report the Board of Directors emphasizes the following items:

* *the balance-sheet* closed with a net profit of Lit. 6.7 billion (as against a profit of Lit. 6 billion in 1980);
* *the turnover for the year* amounted to Lit. 436.4 billion (+ 19%);
* *the exports*, already included in the total turnover, amounted to Lit. 96.8 billion (+ 14%);
* *the turnover of the controlled companies* stood at Lit. 277.3 billion (+ 44%), thus the Group's overall turnover reached Lit. 713 billion (+ 27%);
* *the fixed assets* in machinery added up to Lit. 74.2 billion;
* *the depreciations* for the financial year totalled Lit. 9 billion, of which Lit. 2.4 billion were calculated over and above the normal aliquots. The depreciation fund reached Lit. 52 billion;
* *the reserves* shown in the accounts went up to Lit. 37.7 billion;
* *the personnel* employed by the Company at 31st December 1981 numbered 5,419. The Group's employees, including the controlled companies' staff, were 7,273.

The Shareholders' Meeting approved the distribution of a unitary dividend in the same measure as last year (Lit. 140 for each preference share and Lit. 120 for each ordinary share). However, owing to the increase in capital effected in 1981 partly by payment and partly free, the allocation of profit went up from Lit. 1,292 million to Lit. 1,938 million.

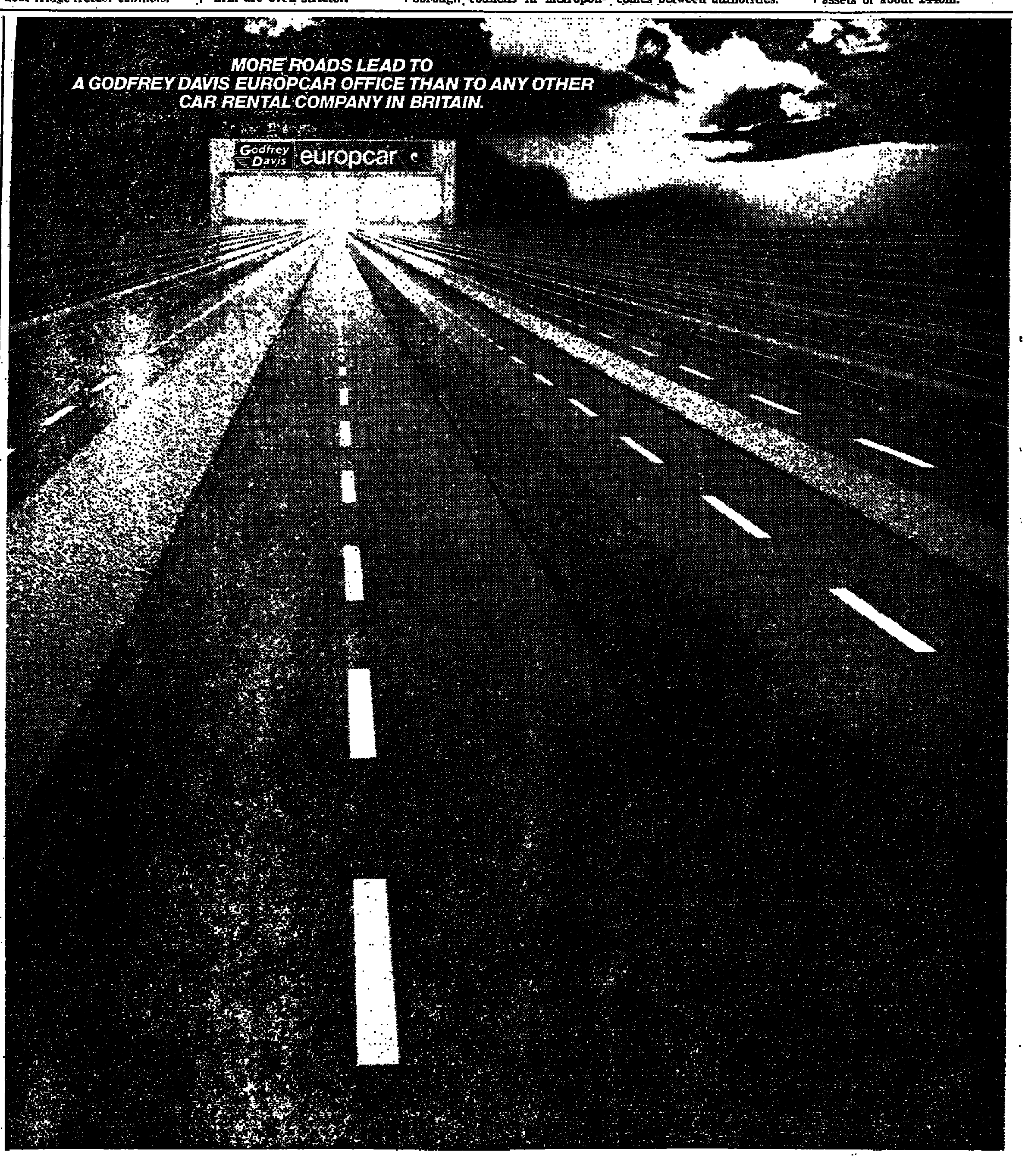
The rest of the profit, amounting to Lit. 4.8 billion, was brought to reserves.

The Meeting further proceeded to:

- appoint the Directors and the Auditors for the years 1982, 1983 and 1984, reconfirming the entire outgoing Board of Directors and the Auditors Committee,
- assign the task of auditing and the certification of the balance-sheet,
- approve the acquisition of the Company's own ordinary shares up to a maximum amount of Lit. 7 billion, with a view to their replacement for the extension of the share base.

Lastly the extraordinary Meeting approved the free increase of the capital from Lit. 15,000,000,000 to Lit. 22,500,000,000 through withdrawal from available reserves. This will be carried out by the issuance of ordinary and preference shares (benefit 1/1/1982) in the ratio of one new share for every [illegible] of the respective categories.

The dividend is payable as of 10th May 1982 upon presentation of coupon n. 20, for the ordinary shares at the Securities Department of the administrative [illegible] shares [illegible]



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UK NEWS

Plan to spread computer knowledge

By Nick Garnett, Northern Correspondent

A PROGRAMME to spread more effective use of computers in industry was launched yesterday by the National Computing Centre.

The centre, an independent organisation whose aim is to improve and expand the way computers are utilised, is setting up nationally what it calls Information Technology Circles.

The principal purposes of the circles, which will initially cover four areas in which computers are used, are to provide managements with much more specific information on which to base decisions concerning investment and computer utilisation, and to extend to companies greater influence on the centre's development work.

The centre estimates that 500 companies, rising next year to more than 700, will join the circles, the launch and advertising for which is costing £150,000.

The first four circles will cover office technology; communications: data processing methods and system engineering and security.

Company members will pay £125 a year to be a subscriber to one of the circles. Non members will pay £250.

Mr David Fairbairn, centre director said yesterday that "an increasing number of people in different businesses and professions are finding that they simply have to know which way particular aspects of information technology are likely to have an impact on their areas of responsibility."

The centre said that for companies subscribing to the circles regular workshops would facilitate exchange of information and experience with centre specialist staff and other companies.

Subscribers would also be able to influence the direction of the centre's research and development programmes.

They should be in a position to obtain early information on significant developments in information technology and they would gain a "wider perspective and understanding of a subject area through workshops, annual conferences and state of the art reports."

Airline being formed to take over Manx routes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AN AIRLINE is being formed jointly by two major independent operators, British Midland Airways and Air UK, to take over their flights between the Isle of Man and key points in the UK.

British Midland Airways will have the majority shareholding in the venture. Manx Airlines, which will be able to call on the experience, facilities and services of both BMA and Air UK. It is intended that it should become self-supporting as soon as possible.

Interests

It is anticipated that the Isle of Man business community and residents will eventually participate by taking financial interests in the airline, to further consolidate it as part of the local economy.

Initially, Manx Airlines will use a 73-seat Viscount turboprop airliner and three 44-seat Fokker F-27 turbo-props for its flights.

These will link the island with London (Heathrow), Liverpool, Manchester, Leeds / Bradford, Dublin, Belfast, Edinburgh, Blackpool, Glasgow, and also run between Liverpool and Belfast.

Application has been made to the Civil Aviation Authority for the transfer of rights on these routes from BMA and Air UK to the new airline.

BMA and Air UK decided to set up the venture mainly because there was duplication on the routes and it was felt that a single airline could operate them more profitably. The airline will be small, with a staff of about 80.

The aim is to start operations under the new name not later than November 1. Meanwhile, the routes will continue to be served by the two original operators.

The new airline is intended to develop air services as a means of promoting the Manx economy.

Traffic

While tourism continues to be an important element, financial and business interests are increasingly attracted to the island for tax reasons, and this means that there is growing traffic on a year-round basis.

Both Air UK (which is part of the British and Commonwealth Shipping Group) and BMA have operated scheduled services to the island for more than 20 years.

Drink can recycling scheme extended

BY MAURICE SAMUELSON

A VALUABLE increase in the amount of scrap being used by the British aluminium industry should result from plans announced yesterday by Alcoa, in conjunction with the UK beverage can making industry.

The company is broadening the catchment area of its Cash-a-Can scheme, under which it pays the public 40p per kilo for empty all-aluminium beer and soft drink cans. It will add collecting points in London, Bristol and Swansea to those in Manchester, Glasgow, Portsmouth and Edinburgh.

These centres compress and bale the aluminium for dispatch to the Alcoa sheet plant in Swansea.

About half the UK beverage cans are made completely of aluminium, more than four times as many as in 1979, when tinplate predominated.

The industry is eager to pay for empty cans because recycling them saves up to 95 per cent of the energy cost of producing primary aluminium. In this it differs from the Save-a-Can scheme for steel cans and the glass producers' bottle banks, which rely more on public goodwill.

Alcoa Great Britain hopes that can collecting will become as popular as it is in the U.S.

In the U.S., the volume of recycled cans is said to be equivalent to the output of two average sized smelters and collectors earn about $200m (£112m).

In environment-conscious Sweden, a national scheme is being planned to recycle 75 per cent of aluminium cans.

The 1982 target in the UK is to collect 33m used cans, or 17 per cent of those available in the collection areas. They would net the collectors £300,000 compared with the £40,000 paid for 4m returned cans last year.

The industry hopes that the recycling scheme, in which £2m is to be invested in the next three years, will become self-financing by 1985.

Eyebrows raised over Highland energy fling

Ian Rodger reports on resentment over the favoured treatment of an aluminium smelter

A FRESH row over industrial policy is brewing as a result of the Government's vigorous attempts to revive British Aluminium's smelter at Invergordon.

Industrialists are angry that the Government, which has let other energy-intensive industries suffer and even die rather than provide help, appears to be offering huge power subsidies to anyone willing to take on Invergordon.

Last month, the Scottish Office sent offer letters to a dozen companies it thought might be interested in taking over the smelter which closed last December, putting 890 out of work. Details have not been disclosed, but it is said the Government is offering a low-cost power contract for up to five years.

The attempt to preserve an aluminium smelter also seems surprising at a time when prices for the metal have been declining, and are at their lowest point in six years.

Most major world aluminium producers are losing money and many new smelter projects, particularly in Australia, have been postponed or cancelled.

Smelters in areas with high electricity costs have been squeezed the hardest. The Japanese Government, for example, has concluded that its aluminium smelting industry can no longer be competitive, so it is supervising the phasing out by 1985 of more than half the country's capacity.

The electricity charges faced by aluminium smelters in Britain are nowhere near as high as those in Japan but, without subsidies, they would be much higher than the European and North American averages.

Thus, representatives of other energy intensive industries wonder why the aluminium smelting sector is being supported.

The Government's special interest in aluminium smelters goes back to the late 1960s, when the Labour Government promoted the construction of three plants as part of the country's advance into "the white heat of the technological revolution."

Invergordon was selected as the site for the British Aluminium smelter in part because this was one of the very few industries that the north of Scotland, with its significant hydro-electric resources, could hope to attract.

Meanwhile, Alcan Aluminium (UK) built its smelter on the Northumbrian coast and Anglesey Aluminium, a joint venture by Rio Tinto-Zinc, Kaiser Aluminium and Chemical and BICC (which has since withdrawn), was set up near Holyhead.

Electric power can account for up to half of the costs of smelting aluminium, so all three concerns made special arrangements to keep their power rates below those normally charged by the electricity boards.

Alcan built its own coal-fired power station and negotiated a long-term contract with the National Coal Board. The other two invested in nuclear power plants then being built by electricity boards, with a view to taking their equity share of the power produced.

Both nuclear plants fell badly behind schedule and ran well over budget. Anglesey's plant, Dungeness B in Kent, has still not come on stream, so the company continues to benefit from very low provisional charges agreed when the contract was written, and on which the Central Electricity Generating Board is making heavy losses.

Hunterston B, built by the South of Scotland Electricity Board, came on stream in 1976, so British Aluminium had to start paying real charges at that time. These charges ultimately went so high that they forced the company to close the smelter.

In the north of Scotland, there is considerable bitterness that Anglesey survives while Invergordon collapsed solely because the SSEB made slightly less of a mess with its nuclear station than the CEGB did with its.

There is also considerable anxiety about finding alternative employment for the people made redundant.

As part of its effort to attract a new operator for Invergordon, the Highlands and Islands Development Board commissioned market studies which indicate a strong recovery for aluminium in 1984. The hope is that prices will recover enough to allow the Government gradually to remove its power subsidies.

But it is difficult to see how Invergordon or the other British smelters can ever be competitive without support. A recent study by a London metals consulting group said the electricity charges paid by aluminium smelters in the non-Communist world ranged from 3 mills per kilowatt hour at some Canadian smelters to 82 mills in Japan (1 mill=$0.001).

Average North American charges were 22 mills per kwh and the European figure was slightly lower. In Britain, in spite of heavy subsidies, Invergordon was being charged 30 mills per kwh and Anglesey is believed to be paying about 23 mills.

Alcan is said to be paying about 18 mills, but it is buying coal under a contract on which the National Coal Board is losing heavily.

As for the future, it is likely that electricity costs in this country will continue to rise, while any new aluminium capacity will be concentrated in countries where producers can find low or at least stable electricity costs.

Thus, whatever scheme is offered to potential operators of Invergordon, a substantial and indefinite subsidy will be needed.

Other energy intensive industries can only hope that the inequity of this situation will cause the Government to accelerate its review of its bulk power pricing policy.

APPOINTMENTS

Finance director at Wilkinson Sword

Mr David Hankinson has been appointed finance director of WILKINSON SWORD. He was group finance director of The Guthrie Corporation and before that group financial controller of George Wimpey and Co. Wilkinson Sword is part of Allegheny International Inc.

★

Mr Donald Patience has been appointed managing director of SCOTTISH DEVELOPMENT FINANCE, a subsidiary of the Scottish Development Agency. Mr Patience joins the agency from the Finance Corporation for Industry, where he was director and manager of its London office.

★

Mr T. E. L. Goldsmith, managing director, Lyons Bakery, became managing director J. LYONS INTERNATIONAL on June 1. He will be concerned with new product and business opportunities in the UK and overseas, including licensing and know-how agreements. Mr G. S. Salmon, managing director Hale-Trent Cakes, is additionally appointed managing director of Lyons Bakery.

★

Mr John di Vita, past president of the British Chamber of Commerce for Italy, has been elected president of the COUNCIL OF BRITISH CHAMBERS OF COMMERCE IN CONTINENTAL EUROPE (COBCOE). He succeeds Mr K. G. Reid who becomes a vice-president. Sir Norman Statham, formerly British Ambassador in Brazil, has been elected a vice-president. Mr T. Ryan, councillor for the British Chamber of Commerce for Italy, has been appointed honorary secretary general, taking over from Mr J. M. Land.

★

Mr R. B. Rofe has been appointed deputy managing director of IAL. Mr Rofe takes over from Mr A. C. Richards, deputy managing director since 1971, who retires on July 2.

★

ICL has appointed Mr Mike Watson as technical director and Mr Robin Kinnear as director of corporate communication. Mr Watson was technical director of Honeywell Europe SA, based in Brussels, and Mr Kinnear was director of international communications at Control Data Corporation.

★

INTERNATIONAL ENERGY BANK has made the following promotions: Mr William M. O'Byrne to executive vice-president, Mr Gavin W. M. Geekie to vice-president and Mr Michael Moseling to vice-president. Mr Iain D. C. Laird has joined the staaff of International Energy Bank as a senior vice-president in corporate finance department.

★

Mr B. J. Bowden has been appointed director personnel and administration, SHELL UK. Mr T. W. Cain, director personnel and administration, becomes director personnel and public affairs, Shell Australia, on January 1 1983.

★

Having completed his two-year term as chairman of THE BRICK DEVELOPMENT ASSOCIATION, Mr Douglas Hartley has been succeeded by Mr Graham Thompson, managing director of Westbrick.

★

Mr J. R. Jewitt has been appointed production director of HEPWORTH INDUSTRIAL PLASTICS. Mr Jewitt was formerly with Price Waterhouse Associates as a senior management consultant.

★

PALATINE INSURANCE has made the following board changes: Mr C. E. Geiser relinquishes his position as chairman and director and is replaced by Mr B. T. G. Prevost, while Mr B. K. Doody is appointed director and deputy chairman.

★

Mr Keith H. Moss has been appointed managing director of G. CARTWRIGHT. Mr Moss has held senior management positions with the Sheffield Brick Group and UBM Rycroft.

★

Mr N. Bentz has been appointed a director of ROUSE WOODSTOCK METALS, a member of the Mercantile House Holdings Group.

★

DAVY CORPORATION has appointed Mr Peter Benson to its board as deputy chairman. It is intended that he will succeed the present chairman, Sir John Buckley, when he retires at the annual meeting on October 6.

★

Omnisport International Inc. has appointed Mr John Sutcliffe managing director of its British company, OMNISPORT INTERNATIONAL (UK). He joins Omnisport from Esco UK where he was chief executive.

★

Mr David McLeish, managing director of Godwins, has been elected president of the SOCIETY OF PENSION CONSULTANTS.

★

SENTRY INSURANCE GROUP (UK) has appointed Mr Roy Hurley as director of Sentry Underwriting Agencies and Sentry (UK) Insurance.

★

Mr Edward Smith has been appointed managing director of CHASE TRADE FINANCE, The Chase Manhattan Bank's confirming house subsidiary in London.

★

Mr George Duncan has resigned from the boards of PAULS AND WHITES and FITCH LOVELL.

BFCE

1981 Results

At the annual general meeting on April 28, 1982, chaired by Michel Freyche, Chairman of the Bank, assisted by Albert Bouvier, General Manager, BFCE's shareholders heard the reports of the Board of Directors and of the auditors, and approved the year-end 1981 balance sheet and income statement as well as the recommended appropriation of the year's results.

• Total consolidated assets of the bank at December 31, 1981 stood at F 188.8 billion, an advance of 18.2% in comparison to 1980 and four points higher than the 1980 increase recorded in 1979.
Aggregate banking uses and loans to customers rose by F 11,099,000,000 to F 50.2 billion, 27,7% higher than the figure of 1980. Loans to customers were 14.8% higher with a percentage of operations in foreign currencies climbing from 28,3 to 31.9%.
Financing of short, medium and long term exports requiring BFCE intervention expanded by F 16,365 million to F 122.5 billion marking an increase of 15.4%. Taking into account the portion of such credits included off balance sheet as commitments, the whole increase was 21.4% of which 13.8% can be attributed to the short term, 19.3% to the medium term and 36.2% to the long term. The increase is attributable primarily to purchaser credits, due to a sharp upturn in capital goods contracts which began last year.

• The income statement reflects gross operating income 20.5% above the preceding year. While French franc credit market operations were adversely affected by credit restrictions and deteriorating refinancing conditions on the money market, the foreign currency operations benefitted from the dollar's rise and the growing contribution of the foreign branches. Signature and service transactions also continued to show satisfactory progress.

• After the customary provisions including F 7,000,000 for the profit-sharing plan, F 29,000,000 for income taxes and substantially higher appropriation for operating provisions in respect of worsening general economic conditions and the financial situation of certain countries, the net profit was F 56,539,000 down 6.5% from the previous year. A dividend was declared at the rate of 7.5% plus tax credit, as in 1980, and taking into account the legal reserve reached its maximum last year, F 12,400,000 million were appropriated to the general reserve as against F 7,000,000 in 1980.

BANQUE FRANÇAISE DU COMMERCE EXTERIEUR

21, boulevard Haussmann, 75427 Paris cedex 09, tel. 247.47.47

Face the facts.

NMB Bank's key figures as at December 31, 1981 (in millions of Dutch guilders - 1 US$ = Dfl. 2.47).

Balance sheet total	Dfl. 55,513
Total deposits	Dfl. 52,383
Debtors	Dfl. 32,100
Total shareholders' equity and subordinated loans	Dfl. 2,163

Some highlights from our 1981 Annual Report (54th financial year):

• The combined balance sheet total increased in 1981 by 16% to more than Dfl. 55 billion.

• Debtors increased by 12% to more than Dfl. 32 billion from Dfl. 28.661 billion at the end of 1980. This increase is largely attributable to the growth of our foreign loan portfolio.

• As part of our branch office programme, a number of NMB branches were opened in 1981. The total number of NMB branches at home and abroad amounted to 481 at the end of the year, with employees totalling 10,918.

• NMB Bank has subsidiaries and branches in Paris, Zürich, Geneva, Curaçao, New York, London and Representative Offices in Caracas, Mexico City, São Paulo, Hong Kong, Singapore and Bahrain.

• As a member of the Inter-Alpha Group of Banks, we have a joint representative office in Tokyo.

• Revenue from stock exchange business again showed an even greater percentage rise than overall stock exchange turnover.

• Eurodeposits accounted for 18% of the combined balance sheet total.

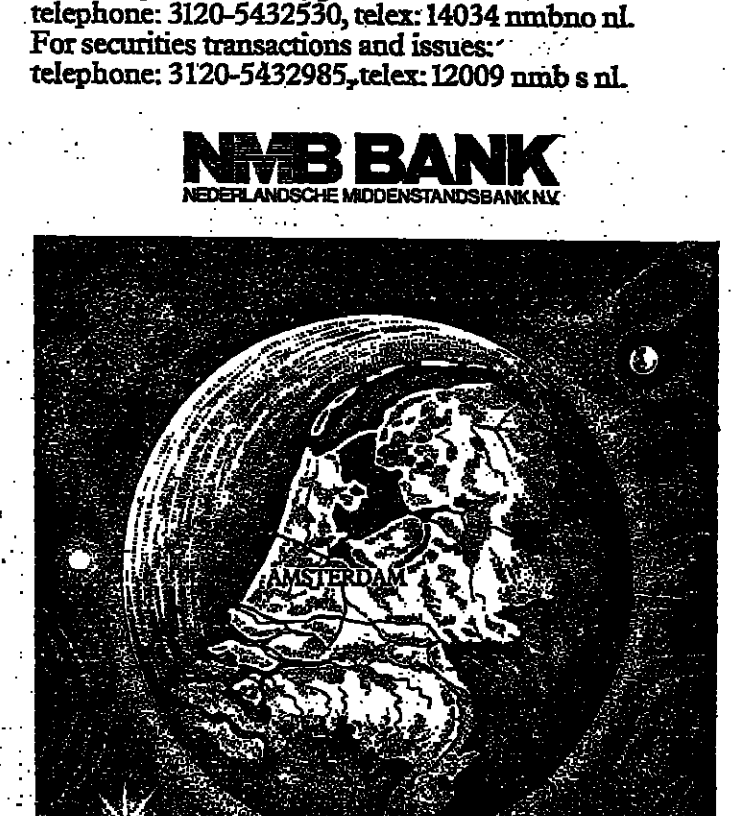
If you wish to receive our 1981 Annual Report please contact our nearest NMB Bank office or NMB Bank Amsterdam, P.O. Box 1800, telex 11402.

NMB Bank U.K. branch: 2 Copthall Avenue, London EC2R 7BD, telephone 6285311, telex: 8956217.

NMB Bank New York branch: 450 Park Avenue, New York, N.Y. 10022, telephone: 758-0600: foreign exchange telephone: 758-2929, telex: 640 646.

NMB Bank Amsterdam.
For eurodeposits and foreign exchange: telephone: 3120-5433184, telex: 14216 a nmba nl.
For foreign banknotes, gold and coin: telephone: 3120-5432530, telex: 14034 nmbno nl.
For securities transactions and issues: telephone: 3120-5432985, telex: 12009 nmb s nl.

NMB BANK
NEDERLANDSCHE MIDDENSTANDSBANK N.V.



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We're well known for our wealth of destinations.

In fact British Airways fly to more places around the world than any other airline.

What is not so well known however, is our ability to drop you off on the corner of Fifth Avenue and 50th Street.

Just by the lights, handy for Saks department store. Or indeed anywhere else that takes your fancy in Manhattan.

Of course it took some organising.

And we would have liked to achieve it as in the photograph. In person. By plane.

But we found a better way.

One that allows us to lavish equal care and attention on you, right up to the point your feet touch the sidewalk. (Yet one that isn't quite such a headache for the New York traffic cops). Our own private fleet of limousines.

Wheels instead of wings, it's true. But losing none of that acclaimed British Airways' hospitality.

If you're travelling Crown First Class, Super Club, or Concorde, you're entitled to a limousine direct to your hotel.

All you do is ask for one at the Heathrow check-in and we'll have it warmed up and waiting when you arrive.

It makes a lot of sense. And frankly we're surprised more airlines don't offer the same service.

After all, it does seem a trifle penny pinching to fly you 3000 miles and then abandon you at JFK.

Still 12 miles from your destination.

British airways

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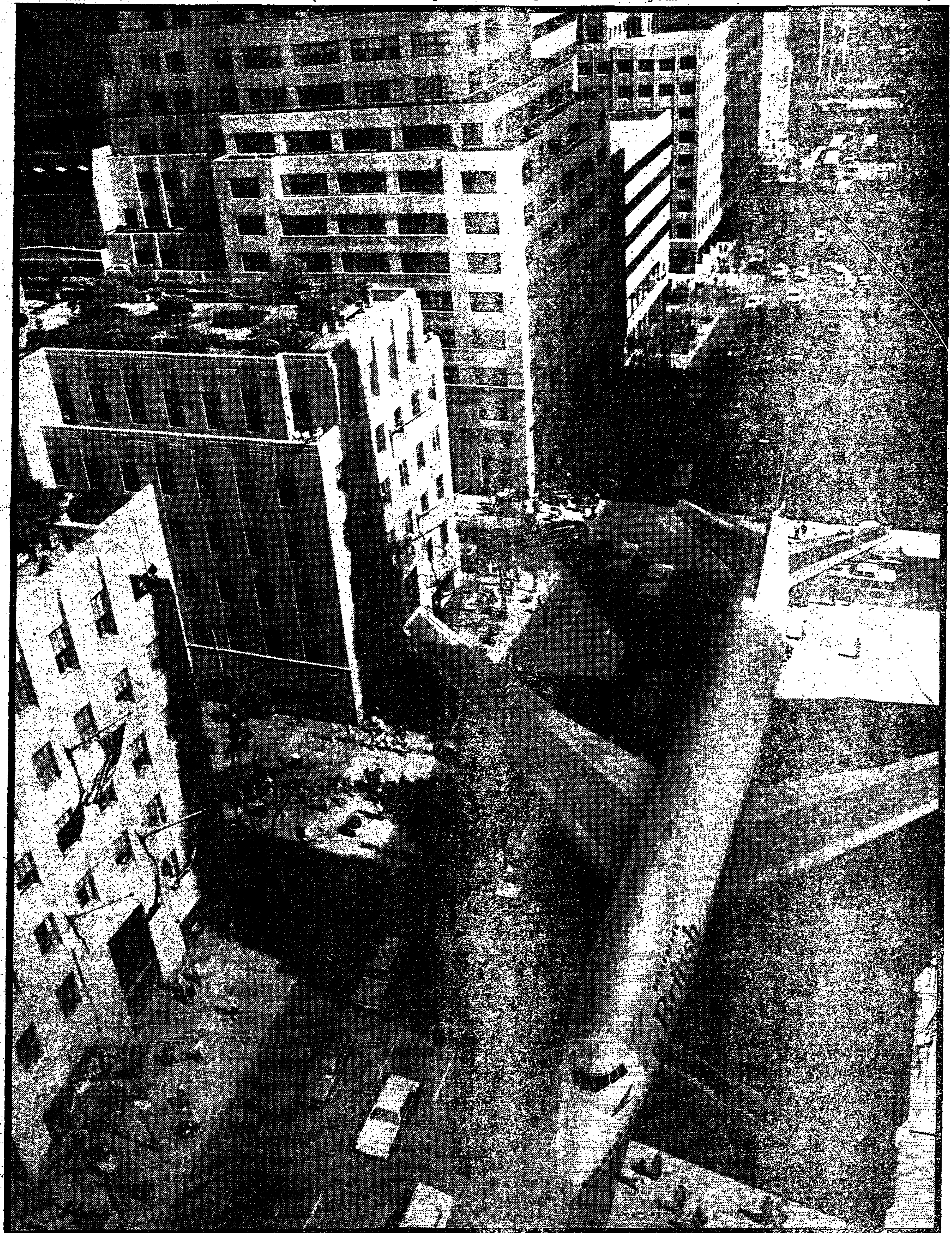

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N. Sea output over 2m barrels a day

By Our Energy Editor

THE NORTH SEA oil industry has passed a "notable milestone"—an output of 2m barrels a day (b/d)—Mr Nigel Lawson, Energy Secretary, said yesterday.

He was commenting on latest energy figures. They show that for the first time, UK off-shore oil production exceeded 2m b/d—about 100m tonnes a year—over a prolonged period. The average output in April was 2.07m b/d.

The figures coincided with an announcement that Texaco, one of the leading off-shore operators, had agreed to the British National Oil Corporation's recommended $2.50 a barrel price increase for North Sea oil. The proposed increase, due to take effect on June 1, will take the reference price for UK oil to $33.50 (£18.97).

Shell and British Petroleum, two other major producers, have still to agree to the price proposal. It is thought they are pressing for a commitment by BNOC that prices will not rise again on July 1, when the current contract period will expire.

Energy Department figures show that, in the past seven years, UK production has risen from 1m tonnes annually to about 100m tonnes—one of the fastest off-shore oil developments. The UK is now the sixth-biggest oil producer in the world and second in off-shore production.

In the first four months of the year, UK output was an estimated 31.3m tonnes, 9 per cent up on the equivalent period last year.

The department also reported yesterday that exploration has picked up in the North Sea. Some 32 exploratory and appraisal wells were started in the first four months of this year, as against 22 in the equivalent period of 1981.

Mobil and Statoil, the leading members of a consortium developing the big UK/Norwegian Statfjord Field, said in London yesterday that time was running out for British partners considering plans to exploit the field's gas reserves.

Mobil and Statoil said yesterday that, as the field was already in production, the UK interests would have to declare their hands by the end of this year. Time was running out for the construction of a UK gas-carrying pipeline.

Cut in Jobcentre staff proposed

BY PHILIP BASSETT, LABOUR CORRESPONDENT

PROPOSALS for a comprehensive review of the Government's network of job centres—probably beginning with an immediate, two-stage closure of 125 of them—were put forward yesterday by a Manpower Services Commission (MSC) study team on employment services.

The report of the review team, working in consultation with Sir Derek Rayner, the Prime Minister's adviser on efficiency, will be studied by ministers and the MSC before decisions are taken.

The study proposes cuts in the current 1,000 offices employing 10,200 staff, which comprise the local office network of the MSC's employment services division (ESD). Most of these local offices are Jobcentres, usually sited in prime High Street spots, providing notification of vacancies to the unemployed.

The report forecasts that the labour market will remain sluggish for at least three or four years. The number of long-term unemployed will rise disproportionately, surpassing 1m this year, representing about 40 per cent of all unemployment for three or four years.

The analysis takes into account the Government's decision to end the automatic registration of the unemployed later this year in favour of voluntary registration. This will reduce the work of local ESD offices.

However, the report states: "We think it is very undesirable that the public employment service should once again get into a situation similar to that of the late 1960s, namely a downward spiral of declining usage and effectiveness. A service of that kind would show some reduction in costs for a much more significant reduction in benefits."

The study group makes 87 recommendations about the role and running of the ESD. Their implementation would facilitate a cut in posts of 598-643 at an annual saving of £10.7m-£11.1m.

The main economies would accrue from using 242 fewer staff than in current projected local office totals (£2.2m); a review of the present office network and future programme (£1m on present, £2.5m on future); and staff regrading (£2.02m from one measure, and £1.1m-£1.25m from another).

In greater detail, these are:

- Staff cuts: Just over half the cut of 598-643 staff "would fall on front-line services to employers and unemployed people." Taking into account cuts already made and planned, there would be a 28 per cent cut in ESD staffing levels *between 1979 and 1982*.
- Office review. The report expresses doubt over the need for sweeping changes in the local office network.

Because of the continuing high level of unemployment, labour cuts and voluntary registration, the report considers that "a number of local office closures may be necessary if the ESD is to use its limited staffing resource to the maximum possible advantage."

The group recommends a case study of these rural local offices where the number of employees in the area is less than 5,000 where the local unemployment register is less than 600 and where fewer than 400 job placings were achieved in 1981-82. The study identifies 54 such offices "which should be reviewed immediately."

A more comprehensive review, to be undertaken before the end of the 1983-84 planning year and based on similar but larger criteria — 6,500 employees, 1,000 unemployed and 500 placings — would also be carried out. The study lists 71 such offices.

The study praises the programme, which has provided for 787 Jobcentres, with plans for its continuation at £4m per annum at current prices.

If its recommendations are implemented, the study says the current Jobcentre programme can be completed at costs lower than planned.

The report suggests a doubling in clerical assistant grade staff, which would effect a cost saving of £0.8m because of their lower pay levels. It considers the present level of executive officers in the ESD of 46 per cent as too high, and recommends their reduction in stages to 35 per cent by April 1984 and 30 per cent by October 1984, at a saving of £2.02m.

The study also examines the often critical relationship between the ESD services and those offered by private employment agencies.

It notes that the private agencies' share of the non-manual market has dropped to about 7 per cent, and less than 1 per cent of the manual market. It says that all the main agencies contacted are losing money.

The General Employment Service in Great Britain; Report of the ESD Rayner Scrutiny 1982. MSC, Moorfoot, Sheffield.

Troubleshooter on devolution trail

Giving Labour a coherent regional policy is a difficult task, reports **Robin Reeves**

MR JOHN PRESCOTT has never been one to back away from political controversy or political tasks.

He is MP for Kingston-upon-Hull, but supported Iceland's case in the Cod War. He is an anti-Marketeer, but aquitted himself well during a spell as leader of Labour's delegation in the European Parliament.

Mr Prescott's latest undertaking—at the request of Mr Michael Foot, the Opposition leader—is to try to make sense of Labour's regional and devolution policies.

He and other MPs have been touring the UK over the past two months, sounding out opinion among Labour activists, trade unionists and others with a view to bringing forward draft proposals in August for consideration by Labour's policy-making machinery.

Interested parties are to meet in London on June 19-20 to hammer out a discussion document.

Labour's last general election manifesto promised an elected assembly for Scotland, but not for Wales, and authorities like the Scottish and Welsh Development Agencies for English regions with comparable problems.

These are still likely to be key ingredients in the Prescott proposals to be tabled in August.

Certainly, any hesitations the Labour Party and trade union movement in Scotland had about devolution have been swept aside in the past three years. They now want a legislative assembly

The Prescott soundings have also confirmed a widespread belief in the English regions that Scotland and Wales enjoy a distinct advantage when it comes to competing for nationally and internationally mobile investment.

This is seen partly because of the setting up by the last Labour Government of lavishly funded development agencies and partly because of the special political leverage Scotland and Wales seem to gain by having their own Secretaries of State in the cabinet.

As the soundings have extended, the complications have grown. In Wales, the Labour Party is distinctly hostile to the whole issue.

The 1979 referendum produced a humiliatingly low vote and provoked a major split in the party in Wales. Many still regard devolution as simply playing into the hands of the nationalists.

Labour's Welsh executive told Mr Prescott it would rather see no devolution proposals at all, but it insists that any new scheme must apply to Britain as a whole.

That said, the Labour leadership in Wales is horrified at the suggestion that it might have to give up the privilege of a Welsh Secretary of State in the cabinet—the logical conclusion of its all-British stance and a way of defusing resentment expressed elsewhere. Certainly the alternative, Secretaries of State for each English region, is not considered realistic.

In England, there are also varying opinions over how a regional development agency might be fitted into administrative structures. The most obvious approach would be to make them part of local government structure.

But Mr Prescott has found that, in those English regions which are traditionally Conservative - dominate., Labour leaders are not enthusiastic about putting development agencies in with local government.

The trade unions, too, are anxious to have a say in their running, which would be excluded by a purely local government structure.

In spite of these and other obstacles, Mr Prescott is convinced that fundamental change is required.

He argues that over the past decade, some £5bn has been spent by governments under the heading of regional policy without beginning to dent the problem.

£100,000 for former chairman of UBM

By Christopher Cameron-Jones

MR MICHAEL PHILLIPS, who resigned in January as chairman and managing director of UBM Group, Britain's largest builders' merchant specialist, has been awarded £100,000 compensation for loss of office. In addition, his executive pension arrangement has been supplemented by £180,000.

Mr Phillips, 50, had been with the company for 21 years, on the board for 15 years and was chairman for six years. He had six years of his contract to run when he left the group after a disagreement "on the structure of, and responsibilities within the board."

Mr Roger Pinnington, 49, formerly a vice-president for Europe of TRW Inc, the U.S. engineering components manufacturer, and deputy chairman of Cam Gears, TRW's British subsidiary, has been appointed managing director and chief executive of UBM on a three year contract. Mr Gerald Wightman, chairman and chief executive of Sketchley, was appointed non-executive chairman at UBM in January.

Yesterday, along with Mr Pinnington's appointment, the group announced a dive from a £2.7m pre-tax profit to a £2m loss struck after compensation costs for the year to the end of February, compared with a record £12.4m profit two years earlier.

Over the past 15 months, the group has slimmed its workforce by 500 and a further 300 jobs are to go, leaving a total of 5,200. It has also closed 23 branches and two of its four warehouses.

The main policy decision since Mr Phillips' departure has been that the group will focus on serving building tradesmen and not attempt to be a force in the general do-it-yourself market, Mr Wightman said.

SNP chairman warns of snap election

MR GORDON WILSON, chairman of the Scottish National Party (SNP), warned delegates to the party's national conference at Ayr yesterday to be on their guard against a snap general election.

"This conference is of crucial importance to the SNP. It comes on the eve of an important by-election in Coatbridge and Airdrie and could well be the last conference before a general election," he said.

These were the two central issues the party must keep in mind in the next few days.

"The eyes of Scotland will be upon us. Many will be pinning their hopes on this party and they will judge us on our maturity, our relevance to them and our unity."

Mr Wilson said Mrs Thatcher feared the potential of the SNP but, on current evidence, the Tories would sweep England to win the next general election "leaving Scotland to face another five years of hostile Thatcherite policies with no protection at all since the Labour Party in Scotland has proved incapable of protecting Scottish interests."

New finance chief for British Airways

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SIR JOHN KING, chairman of British Airways, is appointing Mr Gordon Dunlop as the chief financial officer of the airline. This is expected to be approved by the airline's board today.

Mr Dunlop, 54, is former chief executive of the Commercial Union Assurance Group. More recently he worked in Singapore with the Inchcape Group. He has experience of aviation, having been with de Havilland and Hawker Siddeley from 1956 to 1964.

His title at British Airways will be different from that of his predecessor, Mr Roger Moss, who was financial controller and left the airline several weeks ago at Sir John's request.

Mr Dunlop is not yet being added to the board of the airline, because such appointments are made by the Government. It is likely, however, that he will eventually get a board seat. In the meantime, he will work closely with the board and attend its meetings.

Mr Dunlop's primary task will be to prepare the airline for privatisation, which the Government wants to achieve as soon as possible. Debts of more than £1bn, heavy losses of £145m in 1980-81 and a substantially greater loss in the year 1981-82 recently ended all make the task formidable.

The airline has been substantially reorganised in recent months, with new divisions for long-haul, short-haul and Gatwick airport; a shedding through voluntary severance of 9,000 personnel; route closures, disposals of aircraft and other property.

These measures are designed to make the airline better able to cope with the global recession which has severely depressed the finances of most airlines.

RAF to improve airfield bird detection methods

BY OUR AEROSPACE CORRESPONDENT

THE RAF is extending and improving its methods of detecting and reducing bird hazards at its airfields after the crash of a Nimrod maritime reconnaissance aircraft at the RAF Station, Kinloss, in 1980.

The Nimrod, with 20 personnel on board, crashed soon after take-off as a result of birds being caught up in its engines despite the normal detection and removal procedures before take-off. Two pilots were killed.

Birds are a problem at commercial airfields as well. There have been several airliner disasters as a result of bird ingestion soon after take-off, especially at airfields near the coast.

A report is awaited from the RAF's Aviation Bird Unit. At Kinloss, drainage has been improved to reduce the amount of water that makes the airfield attractive to seabirds.

Bird control measures are taken before aircraft movement by day or night, while 30 minutes before and after first and last light when birds are most active, take-offs and landings are not permitted unless necessary.

The effectiveness of low-light TV and infra-red sensing equipment as bird detection aids is also being studied and long grass, which is inhospitable to birds, is being grown where possible.

R-R in £6m power order

BY MICHAEL DONNE

ROLLS-ROYCE, through its Canadian company, Rolls-Royce (Canada), has been awarded a £6m share of a major Canadian power station project by the Ontario Hydro Authority.

The overall contract is worth £18m (C$40m), and was won jointly by Rolls-Royce (Canada) and Pratt & Whitney (Canada), part of the U.S. United Technologies Group. It covers the supply of four 21.5MW generating sets for the Darlington power station project in Ontario.

Work on the Olympus-powered gas turbines for the project will be shared between Rolls-Royce (Canada) and the UK company. Pratt & Whitney (Canada) will act as designer and programme manager for the supply and installation of the generating sets.

'Industry's electricity among costliest in world'

BY RAY DAFTER, ENERGY EDITOR

ELECTRICITY PRICES paid by industry and commerce in the UK are among the highest in the world, in spite of some of the lowest national price increases during the past year, according to a report on energy prices published yesterday.

The consultancy National Utility Services (NUS) claimed that on April 1, UK companies paid the equivalent of an average of 6.07 U.S. cents per kilowatt hour, compared to 5.98 cents in West Germany, 5.85 in the U.S., 4.68 in France and only 3.21 in Canada.

UK electricity prices are third highest in a list of 12 countries surveyed by NUS. Prices are based on rates paid by NUS clients at 750,000 places, converted at exchange rates of April 1.

In contrast, the UK's rate of growth of electricity prices is one of the lowest in the world, according to the survey. Between April 1, 1981 and the end of March this year, UK prices rose by 8.9 per cent, less than the increase of the Retail Price Index (9.7 per cent.) The UK was 10th of the 12 countries in terms of price increases.

The growth rate in the UK contrasted with 26.6 per cent in Australia, 26.2 in Ireland, 25.5 in France and 23.2 in Italy.

Engineering output up 2% in winter quarter

BY MAURICE SAMUELSON

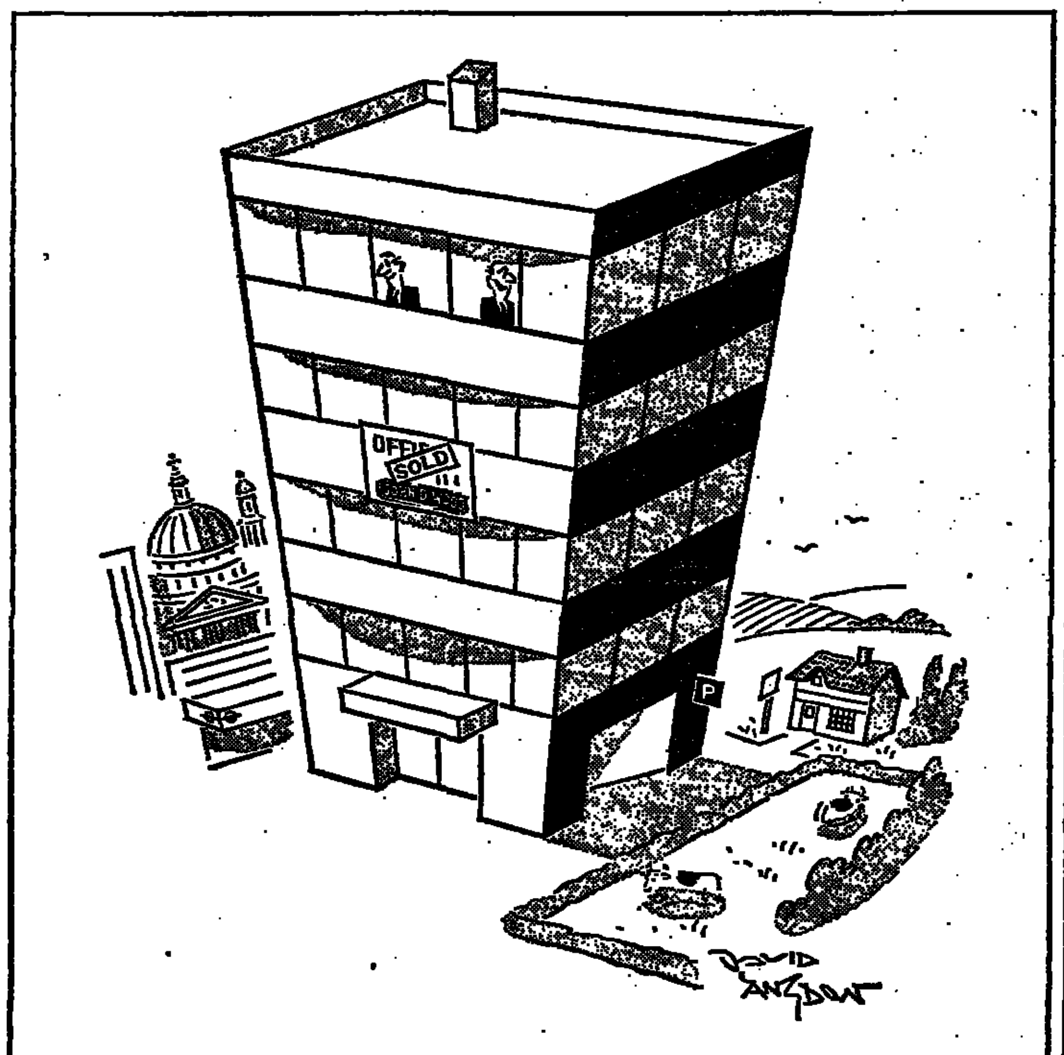
ENGINEERING OUTPUT rose 2 per cent in the period from December to February, compared with the previous three months.

The biggest recovery was the 5 per cent rise in the electrical engineering sector. There was a 1 per cent rise by mechanical engineering, but a 3 per cent fall in instrument engineering, says British Business, published today.

The electrical engineering results were dominated by a 33 per cent rise in the computer industry, followed by the 7 per cent rise in the lamps sector. The performance of six of the electrical engineering industries, however, was worse especially the industries for electronic capital goods and for electrical parts for the motor industry. These both fell by 6 per cent.

Mechanical engineering sector output rose by 9 per cent in mining-machinery and constructional steelwork and by 6 per cent for fabricated steelwork. The sector's worst news was the machine-tools industry's 9 per cent drop.

The 9 per cent rise by the watches and clocks industry was the only increased output in the instrument engineering sector. In photographic and copying equipment output was down 11 per cent. The surgical instruments industry fell 9 per cent.



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Train drivers reject 5% offer linked to flexible rostering

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BRITISH RAIL'S industrial relations difficulties deepened yesterday when the train drivers' union rejected this year's 5 per cent pay offer and flexible rostering, and the largest rail union was divided over a special rostering payment offered to guards.

The executive of the Associated Society of Locomotive Engineers and Firemen (Aslef) formally rejected as "totally unacceptable" the offer of 5 per cent from September which is tied to key productivity improvements, including more flexible work rostering.

Aslef leaders indicated they would not accept any wage agreement tied to productivity, and they would now seek a meeting with the other rail unions to organise a common front against BR.

On rostering, the executive told its members on joint sectional councils and local departmental committees not to negotiate with local BR managers about the introduction of the new 7-9 hour rosters which BR is ready to send out despite the opposition.

If the BR Board did send out the rosters, it would be breaking negotiating procedures dating from 1956. Mr Derrick Fullick, Aslef president, said: "Immediately the board arbitrarily breaches agreements, the nation should expect trouble."

Aslef officials insisted that their members were not prepared to accept a special payment which BR has offered its 12,000 guards for accepting flexible rostering. They doubted that the payment would succeed in putting pressure on members to drop their opposition to rostering.

The payment—£2.50 a week, which works out at just over 3 per cent on a guard's current basic of £81.45, to take it to £83.95—drew a mixed response from a sub-committee of the executive of the guards' union, the National Union of Railwaymen.

The sub-committee was split on the offer, with some members arguing for its acceptance and others for a return to the board to press for a sharp increase, which some put as meaning £5 a week rises.

The issue was hurriedly put to a specially-convened meeting of the full national executive yesterday, which was meeting last night amid indications of the offer's acceptance.

BR is likely to write to the NUR and the Confederation of Shipbuilding and Engineering Unions today suspending the closure of engineering works with the loss of 6,000 jobs.

Part of the reason behind the move is BR hopes of winning at least part of a Nigerian order for 900 railway wagons, which would keep the threatened engineering plant at Shildon, Co Durham, in work for six months.

Employers welcome SDP/Liberal stance

BY DAVID GOODHART, LABOUR STAFF

THE SDP/Liberal Alliance was yesterday welcomed, as a positive influence on industrial relations by Dr James McFarlane, director general of the Engineering Employers' Federation.

Speaking at an employers' conference in Copenhagen, he attacked the clause in the Government's new employment legislation which would make unions financially liable for their members' actions.

The Alliance, he said, might succeed in creating a stable industrial relations system in Britain by ending the political influence of the unions. He blamed union influence on Labour governments for Britain's economic problems. "It is the reason why, for more than a decade, we have had violent oscillation."

The Alliance was committed to reforming industrial relations by laying new duties and restraints on both employers and unions. "But more important it is committed to political reform via proportion representation, and if it succeeds in this, the union would no longer be able to rely on the inevitable return of a Labour government."

He said the employers broadly welcomed the Government's new employment legislation but were cautious about some of the measures. But he warned the new clause on corporate liability would cause a powerful industrial reaction from unions, rather than restrain their traditional behaviour.

"In the last resort legal action against unions could lead to the seizure of their property, and even the imprisonment of their leaders for contempt of court. If this does not happen, it may be because employers will not risk exercising their rights, rather than because unions choose to work within the scope of the new law."

The federation has opposed the two main aspects of the Employment Bill. In April, it asked Mr Norman Tebbit, Employment Secretary, for a two-year delay on the ballot for the closed shop.

Dr McFarlane told the conference that legal measures had much less effect on industrial relations than the current state of the labour market. "If there were a strong upturn in the demand for labour, all the changes in the law will have only a slight influence on the behaviour of unions and employees."

It was a central problem for the British economy how to determine public sector pay without stimulating inflation or provoking industrial action.

Acas chief attacks 'unfair' public sector pay policy

BY ROBIN PAULEY

SHARP CRITICISM of the structure of public sector pay has come from Mr Pat Lowry, chairman of the Government-funded Advisory, Conciliation and Arbitration Service.

Mr Lowry said that pay determination was a mess, and that the results of collective bargaining in the public sector were inequitable.

Mr Lowry's comments, coming as they do at a time when some unions are gearing up for a fight on the four per cent offer to non-medical staff in the National Health Service, is bound to be seen as a criticism of Government policies.

Mr Lowry told the Chartered Institute of Public Finance and Accountancy conference in Harrogate that there were too many pay policies at work in the public sector. The rules on civil service pay were changed or ignored far too frequently, police pay was virtually inflation-proof, firemen had special protection and the mines seemed always to be a special case.

"If we are going to accept as a principle of pay determination that certain essential occupations should be so treated that the risk of industrial action is minimised you cannot begin and end with police and firemen. I have a feeling that I am just as likely to need the services of an ambulanceman or a nurse," Mr Lowry said.

He added that much of the public sector seemed to be trying to reconcile three unreconcilable factors: cash limits designed to keep pay increases at the prescribed level; free collective bargaining; and public concern about strikes. To try to help do this arbitration was provided as an optional extra. "But arbitration can certainly not be guaranteed to produce results which preserve the cash limits which created the problem in the first place."

The advantages and disadvantages of carrying out collective bargaining in the public sector at the national level must be kept under review.

Mr Lowry also questioned whether industrial relations problems were being tackled with enough vigour, particularly by managers. It was three years since the Royal Commission on the National Health Service published its report, and nearly 12 months since the TUC Health Services Committee published its report on the future structure and conduct of industrial relations in the NHS. "I have not detected much by way of results so far," he said.

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Confidential document indicates firm Government stand on holding down wage deals

Fowler stresses market factor in nurses' pay talks

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT would like to see market forces play a much greater part in determining the pay of Britain's 490,000 nurses, according to a confidential paper likely to be considered by a joint working party.

The working party due to meet for the first time next week, will examine proposals which would remove the politically sensitive issue of nurses' pay from the area of industrial conflict.

The working party's findings will not be implemented before next year's pay settlement. But health unions believe that early indications of the group's thinking could influence nurses' resolve to continue supporting the present industrial action in the health service over pay.

The working party is to be chaired by Mr Kenneth Clarke, Health Minister. It will include representatives from the Department of Health and Social Security (DHSS) as well as management and staff sides of the nurses and midwives Whitley Council, the group's negotiating body.

The first meeting on Thursday is expected to concentrate on fixing the inquiry's terms of reference. But in the preliminary papers before it, which are expected to help to frame those terms, there is likely to be a confidential document from Mr Norman Fowler, Health Secretary, setting out for the first time the Government's views on nurses pay.

Health unions are likely to interpret the undisclosed document as giving support to their contention that, despite public declarations to the contrary, the Government does not intend to make nurses a special case in pay terms.

The DHSS document says that "the Government is committed to developing long-term arrangements for handling nurses' pay which will work and can be afforded" and suggests "lines of work which could most usefully be pursued."

The Government is careful not to commit itself in the paper to either the timing or the substance of the discussions by the Whitley Council. Throughout the document, it stresses that any findings will be seen in the light of the report of the Government's inquiry into Civil Service pay determination, chaired by Sir John Megaw, which is due within the next two months.

It states: "It is premature to seek to reach a final conclusion on these very difficult matters until the Government has received and given consideration to the report of the Megaw Committee."

The paper argues, as a general principle, that nurses' pay should be seen to be fair in relation to that of others NHS workers' This means that any new nurses' pay system should feed into the Whitley Council machinery, not replace it.

The Government acknowledges that "one element which may form part of any new system of handling nurses' pay is the drawing of comparisons with other staff groups."

However, "comparability by itself has proved an unacceptable method of pay determination" because it fails adequately to reflect market forces, and particularly the recruitment and retention of staff, job security and efficiency; and because it ignores the need to relate the size of pay increases to what can be afforded, in current terms, to cash limits.

The paper analyses the main comparability methods, although it says that "their potential usefulnes in relation to nurses' pay will vary":

● Job for job comparisons. It says that "nurses and midwives have few, if any, direct comparators" and therefore adds that "there appears to be virtually no scope for true job for job comparison."

● Factor analysis. This method is used to determine the armed forces' pay. While it is "quite practicable," in the form often adopted, it is "very complex," and its implementation would conflict with the preservation of the role of the Whitley Council. Noting that factor analysis by the Clegg commission "did not prove satisfactory," it states that "the drawing of comparisons based on the analysis of jobs into certain component elements may not be of value if suitably applied."

● Direct pay links. Links between grades in nursing and outside, for example ward sister—senior house officer, is possible "but in the long-run is open to objection, particularly because of its inflexibility." If the outside pay moved in an unsynchronised way, "there could be damaging consequences for the pay structure and pay relativities of nurses."

● Indexation. This method, of linking pay to some similar occupation or to part or whole of the pay index, is used for the police and firemen. However, the paper states: "Such an arrangement would not be acceptable to the Government. It is extremely crude, and it allows no scope for market factors to be taken into account. Experience has shown it to be a recipe for inflation."

● Basket of analogues. This method was first proposed by Dr Gerald Vaughan, the previous Health Minister, as a means of arriving at an overall percentage pay figure. The DHSS paper says that "this system may prove to merit further study, though it could have the effect of involving something akin to indexation." However, the Government is concerned about what groups would be used as analogues. This list amounts to a virtual rejection of almost every major known method of pay determination.

The paper stress market factors and affordability. It states that "the aim should be to establish arrangements which will provide agreed market data in a form which can be set alongside other data in the annual pay determination process."

Strike response today crucial to future of health service dispute

BY JOHN LLOYD, LABOUR EDITOR

ACTION BY nurses and other health service staff today will be crucial to the success or failure of industrial action in the National Health Service.

Health workers have been called out on 24-hour strike in hospitals up and down the country—though many are expected to stop work for only one or two hours.

The Royal College of Nurses, which organises nearly 200,000 nurses and has a strict ban on industrial action, will announce the results of a ballot among its members on the Government's 6.4 per cent offer to nursing staff. Members are also to take part in a separate ballot on whether the ban on industrial action should be lifted.

A rejection of the offer by the traditionally cautious RCN membership will be an immense boost for the campaign. Acceptance of it would be unlikely to dampen the militancy of ancillary workers—who have been offered 4 per cent—though it may cause divisions among nurses belonging to different unions and make united action impossible.

The National Union of Public Employees and the Confederation of Health Service Workers said yesterday they expected supportive action from miners and other workers—though this is likely to take the form of participating in demonstrations, rather than sympathetic strike

The executive of the Confederation of Shipbuilding and Engineering Unions yesterday formally rejected the offer to its members in the NHS, and pledged support to health service workers.

Nupe said last night that 24-hour stoppages were expected in many Scottish hospitals, including several in Glasgow, Edinburgh, Aberdeen and Dundee. Emergency-only cover is also expected in Liverpool.

The union said miners would join picket lines in Leicester and Nottingham.

The Confederation of Health Service Employees said nurses would be manning picket lines at Ealing Hospital, where they are expected to be joined by patients. Other centres of action in London will be St. Mary's in Harrow Road, Edgware Hospital and Hither Green Hospital in Lewisham.

A demonstration is planned outside the Department of Health and Social Security office at Elephant and Castle, and others are to take place in Exeter, Taunton and Edinburgh.

The Wales TUC's health service committee, meeting in Cardiff yesterday, confirmed its plans for a 24-hour stoppage by all health service unions in Wales on June 16.

The committee also reaffirmed its aim of attracting support from other unions, following the decision of the South Wales miners to stage a 24 hour sympathy strike.

Mr Albert Spanswick, Cohse's general secretary and chairman of the TUC's health services' committee, said last night the Government's pay policy in the NHS was "seen by the public as unfair and unjust."

Mr Spanswick said Mr Norman Fowler, the Social Security Secretary, "weeps crocodile tears about dedication and commitment—but treats health workers with indifference and contempt."

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THE PROPERTY MARKET BY MICHAEL CASSELL

South Bank land sale

COURAGE, the brewing arm of the Imperial Group, is hoping to raise £10m from the sale of two major London sites on the south bank of the Thames.

The sites are adjacent to Southwark Bridge and Tower Bridge and are no longer of any use to Courage, which has moved its brewing operations to Reading.

The decision to sell the two extensive but redundant operational centres, on the basis that brewers should stick to brewing and let someone else tackle redevelopment, adds another chapter to the saga of the south bank.

The potential of the two sites looks, at first glance, to be substantial, though the traditional prejudices against south bank locations, not to mention the prejudices of the relevant planning authorities, will—as elsewhere along this stretch of the river—have a significant bearing on the chances for a successful conclusion.

The largest of the two chunks of land involves 7¼ acres next to Southwark Bridge, partially undeveloped, with the remainder housing a former bottling plant and ancillary warehousing and offices. Savills, who are handling the sale of both sites, are seeking about £6½m for the freehold.

Up to five acres of the site could be redeveloped as an industrial-warehousing complex. There is also detailed planning consent from the borough of Southwark for 106,000 sq ft of offices and the present development of the adjacent European Ferries' office scheme, which fronts onto the Thames, could help overcome the "south bank effect" on the thinking of any potential office developer.

The second freehold site, known as Horselydown, runs back from the river along the eastern edge of Tower Bridge Road. There is 4½ acres of land, for which the asking price is around £3½m.

According to Peter Oswald from Savills, Horselydown represents "the bargain of a lifetime for someone with imagination." The site has a river frontage of over 250 feet and has housed Courage's brewing operations since 1787.

Several buildings—including the Old Anchor Brewhouse—are listed and these, together with some others, are in a conservation area. In Peter Oswald's opinion, the site could provide the location for a major tourist-linked mixed development and there has even been talk of another Covent Garden.

While parts of the site would be retained for warehousing-industrial use, the refurbished areas could provide a home for a variety of hotels, shops and leisure facilities which, along with Tower Bridge itself, could draw anything up to 1½m tourists across to the south bank.

Southwark's attitude towards the final shape of any proposals will be important, but the final arbiter in the case of the London Bridge site will be the London Docklands Development Corporation, which is likely to be supportive of any reasonable proposals.

Courage say they would like to see the sites providing a multiplicity of uses which can bring back badly needed employment. If they reach their £10m target, they should be pleased. In 1787, John Courage parted with just £616 13s for the Horselydown brewery.

Chelsea Bridge plan

Flaxyard has purchased a 3-acre site on the south bank of the Thames next to Chelsea Bridge and intends to develop a 90,000 sq ft office-industrial scheme. The land was formerly owned by the National Freight Corporation and British Rail and overlooks Battersea Park and Queenstown Road.

Donaldsons, who acted for Flaxyard in the acquisition and have been retained as letting agents, say the building—which could be equally split between office and industrial space—would make an ideal company headquarters. A pre-let is being sought.

● Hunting Gate Developments is, with Equitable Life Asurance, to develop a £5½m warehousing and industrial scheme on the site of the former MGM studios at Borehamwood, Hertfordshire.

● Bradley Planning Services have been granted outline planning permission for a 28½-acre light industrial, warehousing and office scheme at Wootton Bassett, six miles from Swindon.

London & Edinburgh in Amsterdam deal

THE SILENT but swift advance of London and Edinburgh Investment Trust into the ranks of the more substantial property developers is underlined this week with news of success for its first overseas project.

LEIT, a privately-owned company run by brothers John and Peter Beckworth, has just arranged what is believed to be the largest office letting in the Amsterdam central area over the last 12 months.

Ford Motor Company has decided to take LEIT's newly refurbished 57,000 sq ft office scheme on the banks of the River Amstel as its new Dutch sales headquarters. The initial rent is just over Fl 1.3m per annum (£283,000).

Landscaped

London and Edinburgh bought the former carpet warehouse, close to Delta Lloyd's headquarters and the infamous Riverstate building, in June 1981 and the refurbishment included two landscaped atriums at the centre of the building.

The project represents the first overseas venture by LEIT and will be retained in its investment portfolio. Healey and Baker advised in the acquisition and will be managing agents.

The company is now looking closely at other development opportunities in Europe and the U.S. but the major emphasis remains on UK development, where its property operations are channelled through the Second London Wall Group.

LEIT started life 10 years ago and now has a development programme in excess of £100m, involving 30 projects. The operation has principally centred on development-trading but an investment portfolio is now in the process of being built up.

The list of projects, invariably attracting long-term institutional finance, include a 200,000 sq ft office and hotel scheme in Reading, as well as a 220,000 sq ft office-business park on the former Reckitt and Colman site at Hogarth Roundabout, West London, now being developed in conjunction with Tarmac and Fleming Property Unit Trust.

The group is also working with Balfour Beatty on 30,000 sq ft of "high tech" units at Woking and a 30,000 sq ft office scheme in London's Knightsbridge. LEIT has also been designated as the developer, in association with S. and W. Berisford, of the Billingsgate market site in the City of London.

Schemes recently completed include office developments at Milton Keynes, Brighton, West Byfleet and Windsor.

Jonathan Hall, of Second London Wall, accepts that LEIT has until now been a "low-profile" operator but says that it can now claim to be amongst the most active UK development companies. Longer term plans for the brothers Beckworth have yet to be revealed but LEIT may be worth keeping an eye on.

Guildborne in Houston

Guildborne Investments, headed by Mr Richard Piggott, is to develop a 223,000 sq ft office tower in Houston, U.S.

The $27m scheme will be carried out in conjunction with the H&T Group, and will be located on a 2-acre site north of the Greenway Plaza development. Jones Lang Wootton have been appointed as investment consultants.

Development finance is being provided by Texas Commerce Bank and work should be complete in September 1983. Guildborne was founded in 1969 by Mr Piggott—who was an active developer in the UK and Europe during the early 1970s—and the group opened a Houston office in February.

● The Trafalgar House-Royal Insurance West Cross office and warehousing centre at Brentford, west London (the site of the late-lamented Firestone factory) was topped out this week. There have been several pre-lettings on the 27-acre scheme, which is due for completion in July 1983.

● Bank Bumiputra Malaysia Berhad, Malaysia's largest bank, has acquired the leasehold interest in 36-38 Leadenhall St, formerly occupied by the Scandinavian Bank. The Bank is paying a rent of £238,000 a year for the 17,000 sq ft building, where the banking hall is to be modernised. Richard Ellis acted for the new tenant and George Trollope for Scandinavian Bank.

Docks Corporation considers £93m plan

A £93M PLAN for the key 67-acre site at Greenland and South Docks in London's Rotherhithe is being considered by the London Docklands Development Corporation.

Housing takes the bulk of the space—1,430 units on 55 acres—but design consultants and project planners Conran Roche have also schemed in 1m sq ft gross of commercial space, the main components of which are:

- terraced office units, 138,000 sq ft;
- high technology units, just over 100,000 sq ft;
- a single, 200,000, headquarters-type building at the adjoining Canada Dock;
- A 280,000 conversion to retail/light industrial uses of the existing South Dock warehouses.

Conran Roche, appointed by the LDDC last summer, has split the site up into 27 parcels to inject variety into the development. Local residents are having their say via a two-week exhibition which opened this Tuesday, and by a series of meetings which will give the LDDC a basis for decision.

The scheme also has to go before the GLC, Southwark council and the DoE, but the planners are confident that they have got the "political" mix right.

Where the commercial element is concerned, funding could be eased by owner-development. For Canada Dock, adjoining Surrey Docks underground station, Conran Roche the site might prove attractive says that there is evidence that to companies willing to build commercial premises for their own occupation.

The evidence stems from the LDDC's own agents, Healey & Baker, who have had enquiries which the proposed headquarters office building might well fit. The high technology development on this part of the site, meanwhile, is aimed at extending the market for medical and biotechnical corporate users, which is beginning to develop near Guy's Hospital a little higher up the river.

Conran Roche was formed 18 months ago by Terence Conran of Habitat-Mothercare fame and Fred Roche, the former chief executive of Milton Keynes Development Corporation.

Where Mr Conran is involved, a degree of imagination is always expected and this certainly applies in the case of the proposals for the South Dock warehouses, which envisage a theme focused on the leisure industry in all its aspects. Apart from shops and showrooms, there would be a range of workshops available which would provide facilities for everything from sailmaking to the manufacture of hang gliders. The concept, claim the planners, would be unique in Europe.

As experience with nursery units shows, however, it is easier to build them than to rent them. With this in mind, maybe it makes sense to look for potential users at this stage.

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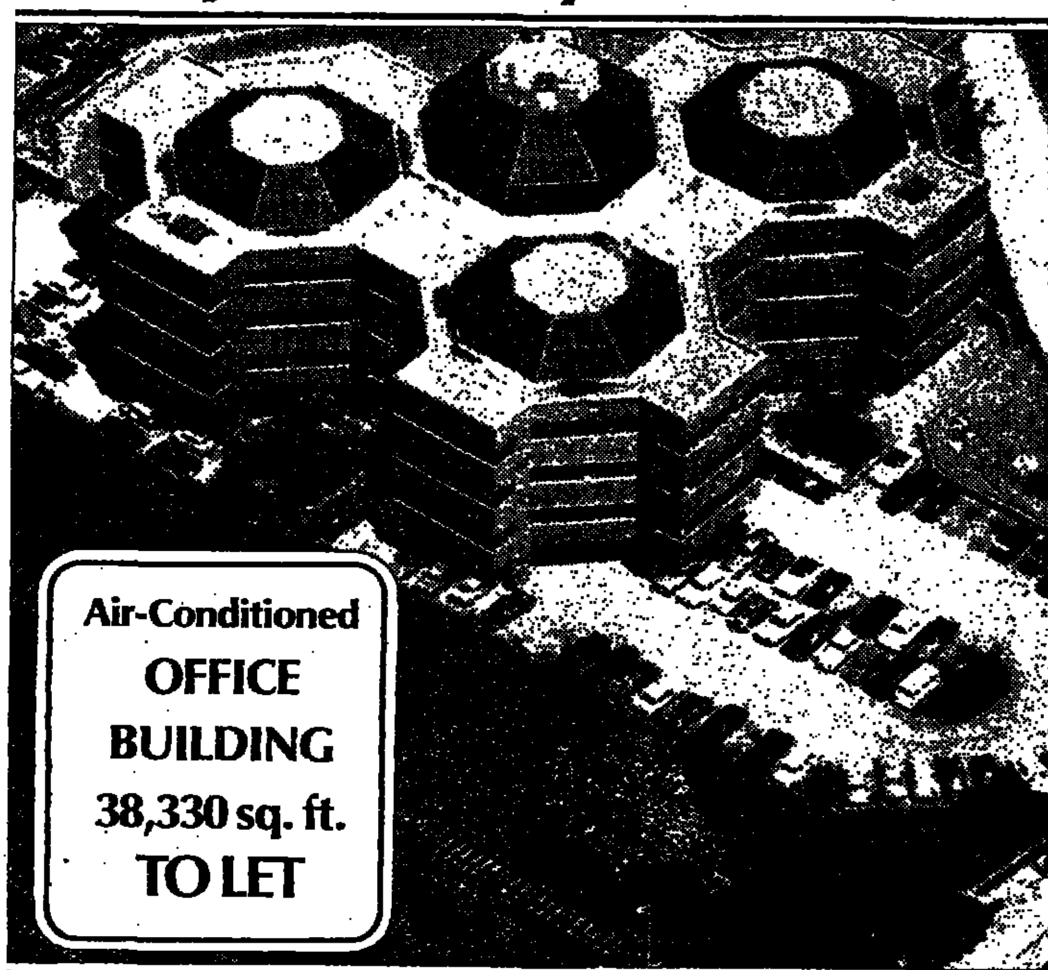

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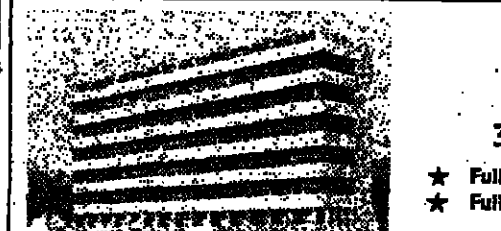

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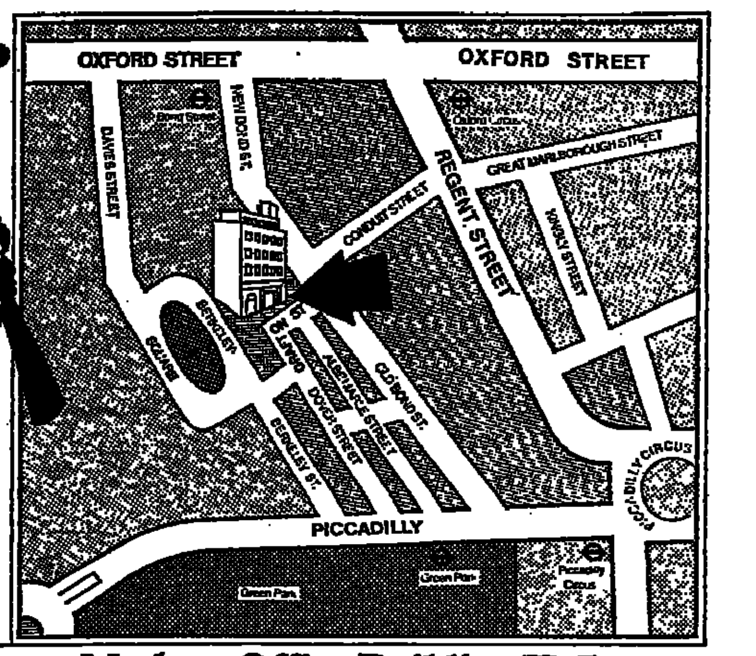

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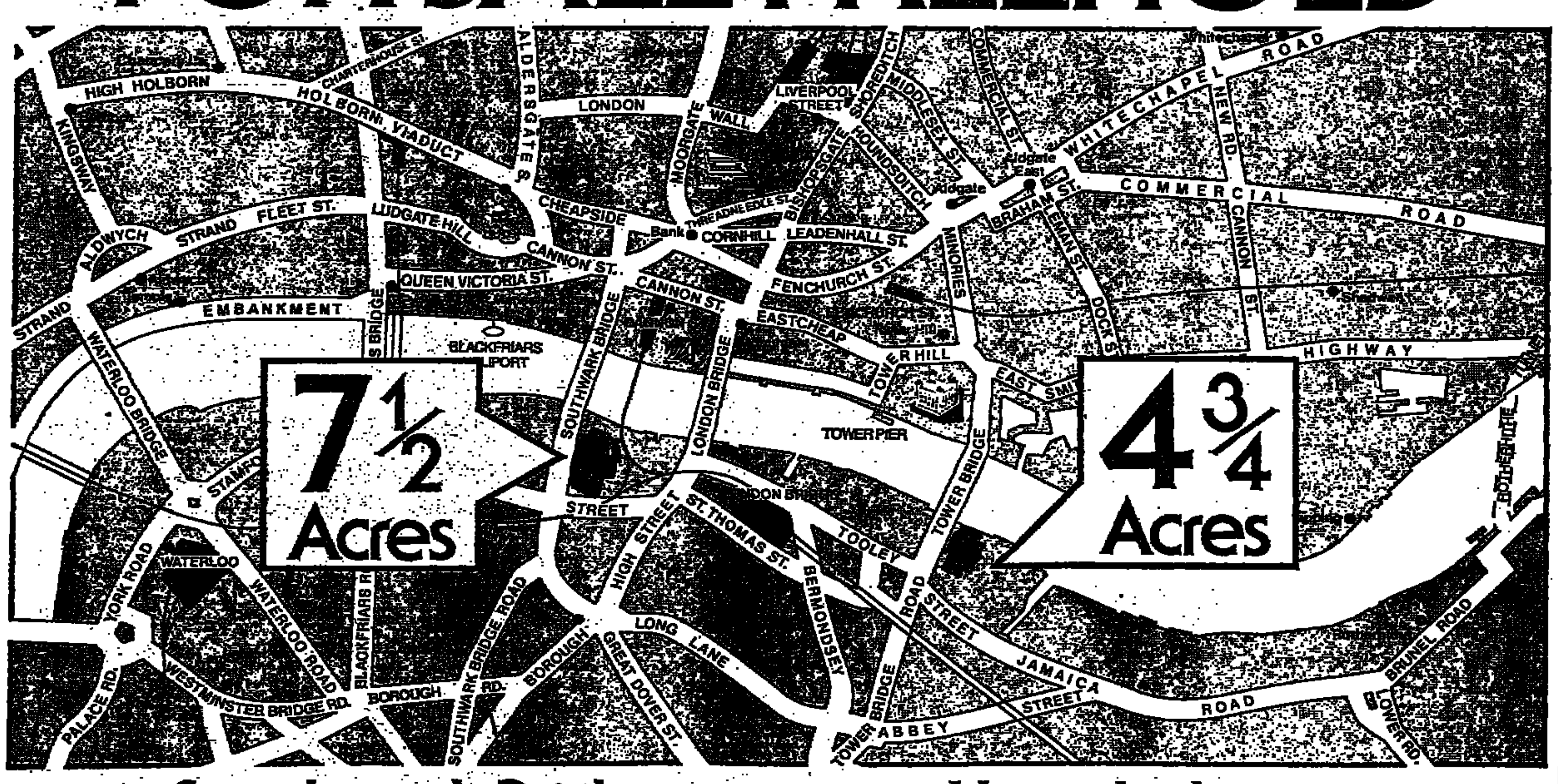

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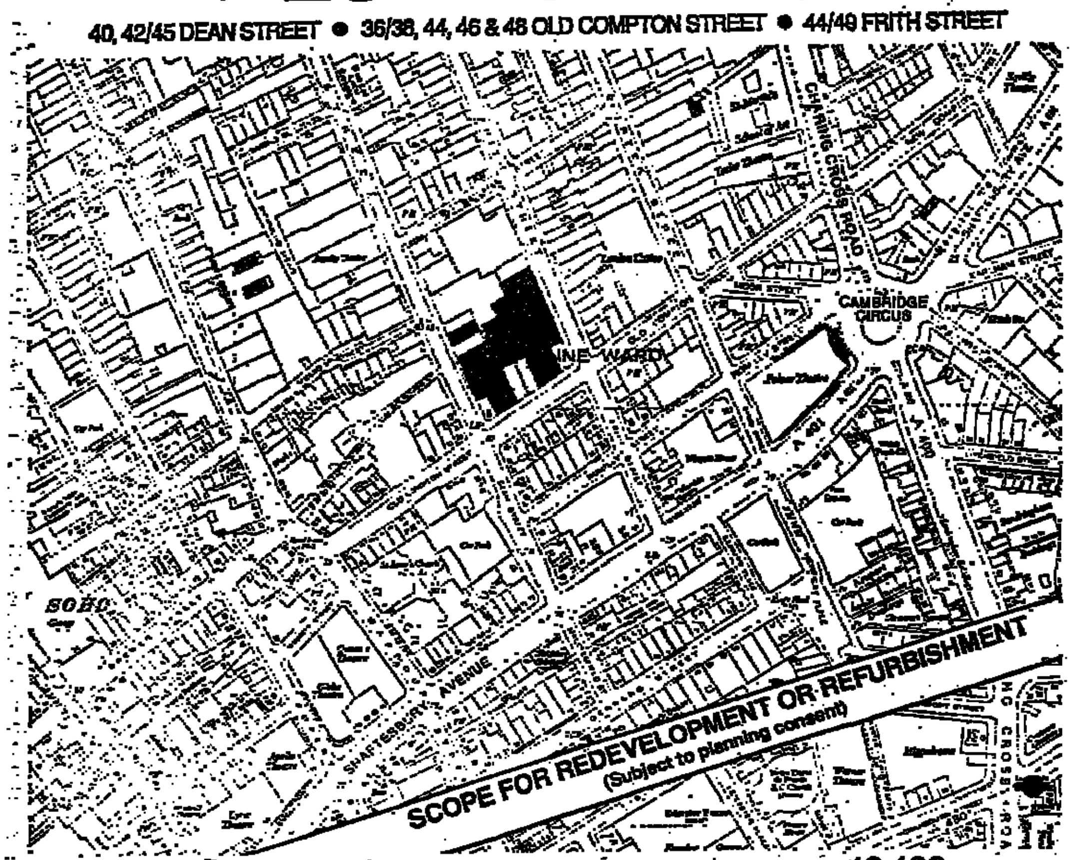

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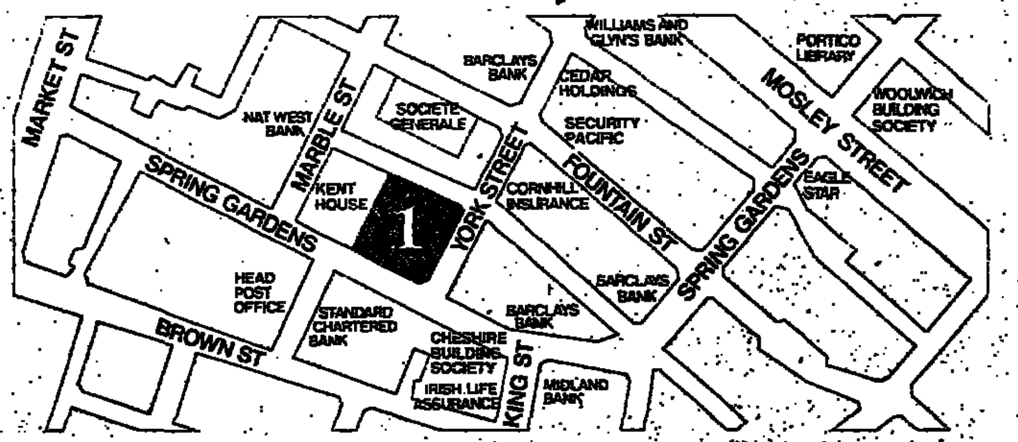

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TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 10.40 Cricket: England v India for the Prudential Trophy from the Oval. 1.00 pm News After Noon. 1.30-1.45 Heads and Tails. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Dinky Dog. 4.40 Newsround Extra. 4.50 The Adventure Game.

5.40 News.

6.00 Regional News Magazines.

6.25 Nationwide.

7.00 Are You Being Served? starring John Inman and Mollie Sugden.

7.30 Odd One Out.

8.00 It's a Knockout: Cockermouth v Keswick v Maryport.

8.50 Points of View with Barry Took.

9.00 News.

9.25 McClain's Law starring James Arness.

10.15 Leap in the Dark (London and South-East only).

10.45 News Headlines.

10.50-12.20 am The Late Film: "Take The Money And Run," starring Woody Allen and Janet Margolin.

Chris Dunkley: Tonight's Choice

The opening episode of On The Line (ITV) was a pretty lacklustre affair. The climactic event, the crashing of the prototype car, occurred out of shot and the strike which threatened to prevent the management bringing in the pieces for analysis appeared to have no motive. Moreover the PR woman, who you might justifiably imagine from the promotion in TV Times to be central to the whole thing, barely appeared at all. So when Episode 2 clashes with BBC-2 Playhouse tonight, the choice seems obvious. The play is Potato Head Blues, the first work for television by Bill Morrison who runs the Liverpool Playhouse and has previously written for radio. Tonight's work is about Stan McVay, a self-made businessman in a Belfast suburb. He feels bad enough having given up smoking and gone on a diet but things get worse when he hears his frozen chip business is on the verge of bankruptcy and his daughter Geraldine is having an affair with a married man.

In the first of four programmes called It's My Pleasure, also BBC-2, in which a well known person introduces a favourite writer, Roy Hattersley reveals a passion for Philip Larkin. Since Larkin is, in my view, easily the best of the post-war English poets whereas Hattersley seems an odd anachronism surviving from pre-war Labour daydreams, that makes me slightly ambivalent.

BBC 2

6.40-7.55 am Open University.

11.00-11.25 Play School.

1.20 pm Cricket: England v India.

7.20 Wildlife Talkabout.

7.50 News Summary.

7.55 Eddi Macken and Boomerang.

8.35 Gardeners' World.

9.00 Playhouse.

10.00 It's My Pleasure.

10.35 Cartoon Two.

10.45 Newsnight.

11.30 Cricket: England v India.

12.00-12.55 am Open University.

LONDON

9.30 am A Big Country. 10.00 Bindle (One Of Them Days) starring Alfie Bass. 11.00 The Master Builders. 11.25 Paint Along With Nancy. 11.55 The Bubblies. 12.00 Wincey's Pets. 12.10 pm Once Upon a Time. 12.30 Sudden Change. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Crown Court. 2.00 After Noon Plus introduced by Simon Reed. 2.25 Racing from Epsom. 3.50 Wild, Wild World of Animals. 4.20 Dance Crazy. 4.45 Freetime. 5.15 Film Fun with Derek Griffiths.

5.45 News.

6.00 The 6 O'clock Show

7.00 "The Four Musketeers," starring Oliver Reed, Raquel Welch, Michael York and Faye Dunaway.

9.00 On the Line.

10.00 News.

10.45 Benson starring Robert Guillaume.

11.15 The London Programme: Sold Down the River?

11.45 Dolly starring Dolly Parton.

†12.15 am Rawhide starring Clint Eastwood.

1.15 Close: Sit Up and Listen with Robin Knox-Johnston.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Larry the Lamb. 9.45 Rocket Robin Hood. 10.10 "The Terronauts." 11.10 Wild Boy. 11.50 Wattoo, Wattoo. 1.20 pm Anglia News. 3.50 Hands. 5.00 About Anglia. 10.45 The Best of Bizarre. 11.15 Members Only. 11.45 Friday Late Film: "The Rise And Rise of Michael Rimmer," starring Peter Cook and Arthur Lowe. 1.30 am Metamorphosis.

BORDER

9.30 am Poetry of Landscape. 9.45 Sesame Street. 10.45 Bailey's Bird. 11.10 The World We Live In. 1.20 pm Border News. 3.50 Make Mine Music. 5.15 Film Fun. 6.00 Lookaround Friday. 6.30 The Real World. 10.45 Summersport. 11.15 Danger UXB. 12.16 am Border News Summary.

CENTRAL

9.40 am Four Questions About Art. 10.25 Survival. 10.50 Goodrich All-terrain Enduro. 11.15 Demis Roussos. 11.40 The Fantastic Four. 1.20 pm Central News. 6.00 Central News. 10.45 Soap. 11.15 Central News. †11.20 Invitation to Robbery: "The League Of Gentlemen," starring Jack Hawkins, Nigel Patrick and Richard Attenborough.

GRAMPIAN

9.40 am First Thing. 9.46 Survival. 10.35 Story Hour. 11.20 Natural Environment. 11.35 Night Flight. 1.20 pm North News. 3.50 Patterns 6.00 North Tonight. 6.35 Diff'rent Strokes. †10.45 Feature Film: "The Abominable Dr Phibes," starring Vincent Price. 12.30 am North Headlines.

GRANADA

9.30 am Circus. 9.50 How the Hedgehog Grew Legs. 10.15 Untamed World. 10.35 The Adventures of Black Beauty. 11.00 Sesame Street. 1.20 pm Granada Reports. 1.30 Exchange Flags. 1.55 Crown Court. 6.00 WKRP in Cincinnati. 6.30 Granada Reports. 10.45 There's Nothing To Worry About. 11.15 A Week on Friday. 11.45 The Late Film: "Demolition."

HTV

9.55 am Flower Stories. 10.05 Bugs Bunny. 10.20 Joe 90. 10.45 Sport Billy. 11.05 Charlie's Angels. 1.20 pm HTV News. 6.00 HTV News. 6.30 So What's Your Problem? 10.43 HTV News. 10.45 The Late Night Film: "The Hunters." 12.05 am Video Sounds.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Beth Am Stori? 4.20-4.45 Y Crocodil Druan. 5.15-5.45 Crossroads. 6.00 Y Dydd. 6.30 Report Wales. 10.45 Eisteddfod Genhedlaethol Yr Urdd Llyn Ac Eifionydd. 11.15 The Late Night Film (as HTV West at 10.45 pm).

SCOTTISH

9.30 am Hands. 9.55 Wild, Wild World of Animals. 10.20 The Joy of Bach. 11.10 Story Hour. 1.20 pm Scottish News. 3.50 The Flying Kiwi. 5.15 Private Benjamin. 6.00 Scotland Today. 6.30 Gambit. 10.45 Ways and Means. 11.20 Late Call. 11.25 Thriller: "Colour Him Dead," starring Gayle Hunnicutt.

TSW

9.30 am European Folk Tales. 9.45 Through the Eyes of a Child. 10.10 Spread Your Wings. 10.35 Story Hour. 11.30 Fangface. 11.55 Look and See. 12.27 pm Gus Honeybun's Magic Birthdays. 1.20 TSW News Headlines. 3.50 Survival. 5.15 Emmerdale Farm. 6.00 Today South-West. 6.30 What's Ahead. 10.47 TSW Late News. 10.50 Continental Cinema: "Seven Suspects For Murder." 12.45 am Postscript.

TVS

9.30 am European Folk Tales. 9.45 Through the Eyes of a Child. 10.10 Spread Your Wings. 10.35 Story Hour. 11.25 The New Fred and Barney Show. 11.50 The Undersea Adventures of Captain Nemo. 1.20 pm TVS News. 3.50 The Cuckoo Waltz. 5.15 Sale of the Century. 6.00 Coast to Coast. 6.30 Friday Sportshow. 10.45 Getting It On. 11.16 Restricted: "Summer of 42."

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 9.30 Survival. †10.00 Hopalong Cassidy: "Forty Thieves," starring William Boyd. 11.00 Sesame Street. 1.20 pm North-East News and Lookaround. 3.50 Past Masters (Fred Trueman). 6.00 North-East News. 6.02 Sportstime. 6.30 Northern Life. 10.45 North-East News. 10.47 Friday Live. 12.15 am Superstar Profile. 12.45 Poet's Corner.

YORKSHIRE

9.30 am Sally and Jake. 9.40 Beyond Westworld. 10.40 Wild, Wild World of Animals. 11.05 It's a Musical World. 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 3.50 Bygones. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Past Masters. 10.45 Pro-Celebrity Snooker. 11.30 Johnny Mathis in Germany. 12.30 am Ladies' Man.

RADIO

(S) Stereo broadcast (when broadcast on VHF)

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 5.30 Newsbeat. 5.45 Roundtable. 7.00 Andy Peebles. 10.00 The Friday Rock Show (S).

RADIO 2

(S).

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.03 pm Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News, sport. 6.00 John Dunn (S). 8.00 Jim MacLeod and His Band in the Radio 2 Ballroom (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.00 Roy Castle in Castle's in the Air. 10.30 Alistair Cooke (a personal view of pop music). 11.00 Brian Matthew with Round Midnight (in stereo from midnight). 1.00 am Night Owls. 2.00 Star Wars (S). 2.27-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Tchaikovsky (S). 10.00 BBC Northern Symphony Orchestra (S). 11.35 Liszt piano recital (S). 12.25 pm BBC Scottish Symphony Orchestra, part 1 (S). 1.00 News. 1.05 BBC Scottish Symphony Orchestra, part 2 (S). 1.45 Music for Cello and Piano (S). 2.45 Berlin Philharmonic Orchestra (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.30 Music For Guitar (S). 7.00 The Romance of the Rose (S). 7.30 Llandaff Festival, part 1 (S). 8.20 Poetry Now. 8.40 Llandaff Festival, part 2 (S). 9.30 No Regards To Broadway. 10.05 Vanhal chamber music (S). 10.25 A Shropshire Lad (S). 11.15-11.18 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather, travel, continental travel. 9.00 News. 9.05 Desert Island Discs (S). 9.45 A Sideways Look at . . . by Anthony Smith. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 For Men Only (S). 11.48 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . MacQuote: A special Scottish edition (S). 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour from Manchester. 3.00 News. 3.02 Afternoon Theatre. 4.00 News. 4.02 Speak Out! 4.10 Asian Links. 4.40 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Archive Auction. 12.00 News.

LAW AND SOCIETY

Problems of legal data processing

BY AVIVA GOLDEN

THE CONCEPT of a data processing system has become familiar to most businessmen. The concept of a legal data processing system is one that is not familiar even to many lawyers. However, a report, issued under the auspices of the Council of Europe,* predicts that "access to legal materials through computer" will come to be regarded by the legal profession as "not only useful but even as crucial to the quality of their work."

Many factors contribute to the strength of this belief. As a glance at any law report will show, the formality—of both the language of the law and the structure in which it appears—makes it readily amenable for conversion and access. The longevity of much legal material justifies the cost and effort of storing it in its most convenient form.

Again, as the report rightly points out, the law grows in complexity; legal information is required not just from national sources, but from European and international ones. Finally, of course, there is the prolixity of our lawyers and legislators; just under 2,000 statutory instruments were published in the UK in 1981 alone, and these—correctly — are considered "minor" sources of legislation.

All these considerations are of a purely practical kind, however; the report puts the case for a legal retrieval system on a higher level. It states that society has an interest in these new means of making legal information available as they can be regarded as an "instrument to support the basic values of democratic states, among them the rule of law, equal access to the law, and informed debate of issues of a legal nature."

The report, which is specifically aimed at the protection of users of computerised legal information services, is divided into three sections, each consisting of a set of recommendations and an explanatory memorandum on some of the proposals.

The opening section deals with governing principles, including those of definition, access, coverage and co-operation. Much of what is said is unexceptionable, and the report is right to stress that user participation is to be encouraged as much as possible in such a new field.

However, conceptual difficulties arise when the report posits conditions of access to source materials and to the database itself in terms of the principle of equality before the law. Obviously, such a system should be given a broad base so as to attract the maximum number of users. Those lawyers with access to the system might be placed at an advantage over colleagues who do not use one.

But the report has failed to define sufficiently clearly the terms of the problem it raises: if a State were to set up its own database in the offices of a chief prosecutor, for instance, then the question of access to, and equality before, the law becomes acute. On the other hand, access to a commercial legal retrieval system ought to be seen as no more significant than access to other facilities provided to the profession. It would have been much more helpful if the report had drawn a clear distinction between a State-run system and a commercial service, instead of making its principles indiscriminately applicable to both.

The central body and main purport of the document is in part II, which lays down guidelines for regulating contracts between the service and its users. The check lists of subjects to be included in a contract is useful. It consists of 10 items, covering topics that, taken together, add up to a stipulation for a precise description of the service and data that it on offer, the facilities available and for proper information on likely costs.

However, series of guarantees (Item 8) that the service should provide to the user raises problems of a different nature. "Copyright and other intellectual property rights in both sofeware and data are likely to be complex and almost certainly unknown to the user," the report states. He is entitled to a guarantee, therefore that use of the system would not constitute any infringement of copyright. The most striking feature of this clause is that the user is under no concomitant obligation to respect the copyright of the supplier, who may be acting as licensee for a traditional publisher or who may own the copyright in his own source material.

Since intellectual property rights in software have not been legally determined, the report calls upon the supplier to give a guarantee that may not be in his power to furnish.

The report's third section deals with contractual liability. As yet, no attendant memorandum has been produced because "the legal and factual situation" of a computerised information service is still not clearly defined: so the report *limits itself to a few principles of liability*, which seem to turn, *inter alia*, on the question of the quality of the data, or more bluntly, negligent mis-statement.

A legal retrieval system may simply transcribe data which is erroneous to begin with. Alternatively, with regard to either transcribed information or to its own source materials, data may become lost or corrupted. This can happen unknown to the supplier despite apparent strict vetting procedures, or even when the data is out of his hands, in the course of transmission for example. It is important to note in this context that the report defines a user as someone "who acts on his own behalf, or as an intermediary on behalf of a third party who will eventually use the information." Should a service, given all these circumstances, be answerable in damages for misinformation?

It is easiest to answer this question if we regard the system as providing an indexing mechanism, of a remarkably thorough kind, to millions of items of information stored at random. A practitioner, who accesses the system, seizes on one such item for his own particular use. Surely he ought, at the very least, to be answerable for the quality of his own research?

In view of the stream of information currently being disseminated on to VDUs and television screens by institutions of all kinds, these issues go well beyond the report's immediate terms of reference. Longstanding problems of the duty of care, and to whom it is owed, take on a novel and startling complexity if the report's assumptions are not challenged at this early stage of systems development.

** Committee of Experts on Legal Data Processing: Working Party on the Protection of Users of Legal Data Processing Systems; Final Activity Report—available from Administrative Secretary Society for Computers and Law, 11 High Street, Millton, nr Abingdon OX14 4ER; price £1.50 (postage included).*

RACING

BY DOMINIC WIGAN

IT IS Canada Day again at Epsom this afternoon, where Heighten is among the runners for the Northern Dancer Stakes and will be after his sixth consecutive victory.

There were few colts that improved more rapidly during the second part of last season than Heighten. The winner of a maiden race at Bath before succeeding in two minor events at Windsor, the colt wound up a remarkable spell with wins at Ripon and Doncaster. It was on the latter course that the High Top colt, out of Curtains and a close relation to Final Straw, put up his most notable effort this year in landing the Fitzwilliam Stakes over 10 furlongs.

Allowed his highly successful front-running on Town Moor, Heighten passed the post with a fair bit more in hand than the 2½-length margin might suggest. Likely to be well-suited to the 1½ miles of the undulating and heavily-cambered course today, Heighten should be able to concede 23 lb to the disappointing Brigadier Hawk.

Unless John Dunlop's filly, She's Incredible, blows up in the closing stages of the Alberta Rose Maiden Stakes through lack of peak fitness, the mile-and-110 yard event ought to prove no more than a formality. On her sole apearance to date She's Incredible failed by only *a neck and the same to cope* with Epithet and Cajun at Windsor last summer.

Forecast backers should couple the Arundel filly with Quest, a hitherto disappointing daughter of The Minstrel, the 1972 Derby winer. Despite many attempts in varied company last season, this striking filly failed to open her account. However, judged on her recent run at Goodwood, where she chased home God Bless, Quest will open her account soon, if not today.

A few hours after Quest bids at Epsom to increase her paddock value, God Bless should score an impressive win the evening at Haydock.

EPSOM

2.00—Pontin Lad
2.35—Ackstatic
3.10—Heighten*
3.40—Godolphin
4.15—Melowen
4.50—She's Incredible***

HAYDOCK

7.30—God Bless**
8.30—Horage

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A FINANCIAL TIMES SURVEY

UK PROPERTY

MONDAY 28th JUNE 1982

The Financial Times proposes to publish a Survey on U.K. Property. The following topics will be discussed.

1. Introduction
The commercial property market has become more dull during the past 12 months. Rental performance in many areas has been flat. Economic recession has affected tenant demand and lettings have been harder to achieve. Nevertheless, the underlying demand from major institutions for prime property investments remains strong; institutions have become more selective however, about the schemes they are prepared to take on.

2. Investment
Prime property yields have so far shown little inclination to rise, despite the higher rates of return available on gilts and other forms of investment. Secondary property yields have been under greater pressure. Some analysts are beginning to question whether the widening of alternative investment options will reduce the relative attractiveness of commercial property.

3. Property shares
The Financial Times property share index peaked at the beginning of April 1981. Twelve months later it had fallen by 14 per cent relative to the FT all-share index. The equity market has been under greater pressure than has direct investment property. By spring this year the average discount of property shares to net asset values had risen to around 30 per cent, compared with just over 19 per cent a year earlier.

4. Offices
The overall downturn in the market has led to the widening of the gap between the demand for top quality buildings on prime sites and premises in less favourable locations. Increased automation of offices and new developments in the field of electronic communications may upset traditional supply and demand patterns. Regional articles elsewhere in the survey will look at the performance and prospects of individual office markets.

5. Retail
Looks at:
(a) The overall performance of the market place during the past 12 months and the trend for individual retailers to capitalise on the rising value of their property assets.
(b) The special problems facing Oxford Street in London; one of Europe's premier shopping streets.
(c) Retail development. The scope for more town centre development.

6. Industrial
The industrial sector of the economy has been worst affected by the recession. In many parts of the country there are too few tenants chasing too many properties. Lettings are often difficult to achieve; landlords are offering special deals to persuade tenants to take space. The industrial section of the survey will also look at:
(a) The spread of the nursery factory units and the impact of 100 per cent building allowances on this market.
(b) The performance of enterprise zones and the effect these are having on property values.

7. Incentives
This part of the survey will look at the various grants and incentives aimed at encouraging new development. These are provided by a variety of bodies including central government, local authorities and other development agencies. Reference will be made to enterprise zones and industrial building allowances although the impact of these will be covered in more detail elsewhere in the survey. Extra articles may be provided on:
(a) Special efforts to help the inner cities.
(b) Progress made by the two new development corporations established to mastermind the regeneration of former docklands in London and on Merseyside.

8. Local authority rates
These have become an increasing burden in recent years. The impact of rates on property demand and supply.

9. The Survey will also carry a series of 10 Articles analysing the performance of different aspects of property investments and development in various regional markets.
(a) City of London office market
(b) South East property
(c) West Midlands
(d) North West
(e) North East
(f) South West
(g) Wales
(h) Scotland
(i) Northern Ireland
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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

High stock levels—not the answer to volatile demand

Arnold Kransdorff reports on 'supply chain management'

Few Western companies are good at managing the flow of materials and products through their factories. Slow to react to changing market conditions, they "buy" their way out of the problem by carrying more stock than might otherwise be needed—an expensive luxury at any time, not least when interest rates are high.

This is one of the main conclusions of a new study into the production control systems of more than 1,500 major companies across the world. Carried out by U.S.-based management consultants Booz, Allen and Hamilton, the study calls for a new strategic approach to the complicated process of materials handling and production.

Out of a sample of 900 major European and U.S. manufacturers — all chosen because they were supposedly successfully managed in this context—only 72 were found to have stock turns which compared with the Japanese.

Booz, Allen found that most companies had implemented various new production management systems—some of them highly sophisticated and expensive—but most had failed to realise any notable benefit.

Cadbury Schweppes, the British foods, confectionery and soft drinks group, no longer conforms with this depressing stereotype.

Last year one of its key divisions faced the prospect of having to increase stocks because its installation of more cost effective machinery had reduced its flexibility to respond to market conditions. In the event it found an alternative by using Booz, Allen's approach to materials handling and production. By making a marginal extra investment in new machinery, Cadbury has created the extra 30 per cent of capacity it needed to meet the required level of customer service. Stocks have not had to be increased at all.

Cadbury Schweppes is one of eight international clients which are currently using Booz, Allen's rather grandly titled "supply chain management" concept. Others include Philips, the Dutch-based electronics multinational and the U.S.-owned International Harvester group.

In common with many other companies, Cadbury has been undergoing major rationalisation in recent years. The focal point of this exercise has been in the confectionery division, where production lines have been modernised and rationalised, and the product range restructured.

Sacrificed

By mid-1981, the benefits were beginning to show; market share was rising, manufacturing productivity was improving and stock levels were declining. However, this improving trend threatened to be shortlived.

Under the old manufacturing process the existence of multiple production lines gave a high degree of flexibility to adjust to market requirements without an excessive investment in stock: in effect inventory was being subsidised by inherent production inefficiences.

Under the modernisation programme management concentrated on reducing production costs with fewer and more efficient machines. But this meant that traditional flexibility was sacrificed.

In a consumer business where predicting demand is an endemic problem and where meeting it as precisely as possible is a pre-requisite to protecting market share, the traditional solution would be to increase the stocks which management had so successfully reduced over the previous 18 months.

This management was obviously reluctant to do — which was why it called in Booz, Allen.

According to Cadbury, to have solved the problem with stock alone would have meant doubling the inventory investment from four to eight weeks. In cash terms this would have meant finding an extra £3.5m, with its attendant finance charges.

Using its supply chain concept, Booz, Allen discovered that the main constraint on additional capacity and flexibility was the packaging process. It is here that the extra investment has been made.

A rather different solution to a similar problem was applied last year at Elcoma, a Philips subsidiary which makes and sells a wide range of electronic components both within the group and to third parties. The company had always felt it necessary to have a major investment in finished stocks, mainly because it was always difficult to forecast demand across an extensive product range of 70,000 different items.

Japanese intrusions into the marketplace were becoming increasingly uncomfortable and Elcoma knew that reliable customer delivery was critical in order to protect its competitive position. But holding high levels of stock to achieve this was very expensive.

Explains Keith Oliver, a London-based vice-president of Booz, Allen, one of those responsible for the survey: "Addressing the problem at the control systems level would have produced major emphasis on trying to improve the accuracy of forecasting demand. Given the characteristics of the demand—high variety and uniqueness of the component specifications — there was a limited chance of success."

In the event, he says, the first step was to suggest a trade-off with the customer which would involve improving the reliability of delivery in return for a marginally longer period between order and delivery.

The new formula involved a decrease in finished stocks, at the expense of a rise in semi-finished stocks — "finished inventory being three times more expensive than semi-finished stocks," according to Oliver.

Elcoma is reluctant to be precise about direct savings but confirms that cost reductions have been achieved.

"Of more importance to us at the moment," says Bert van Tussenbroek, a director of Elcoma, "is that we can now react faster to market changes."

In its study Booz, Allen has produced considerable evidence to support its case that Western companies generally managed the supply chain rather badly while Japanese companies — there were 550 in its sample—were most often successful.

In the automotive industry, for example, the average annual stock turn in Japanese component suppliers and assembly companies was consistently between two and three times greater than similar companies in the U.S. and Europe. In Japan's domestic appliance industry the figure was one and a half times greater.

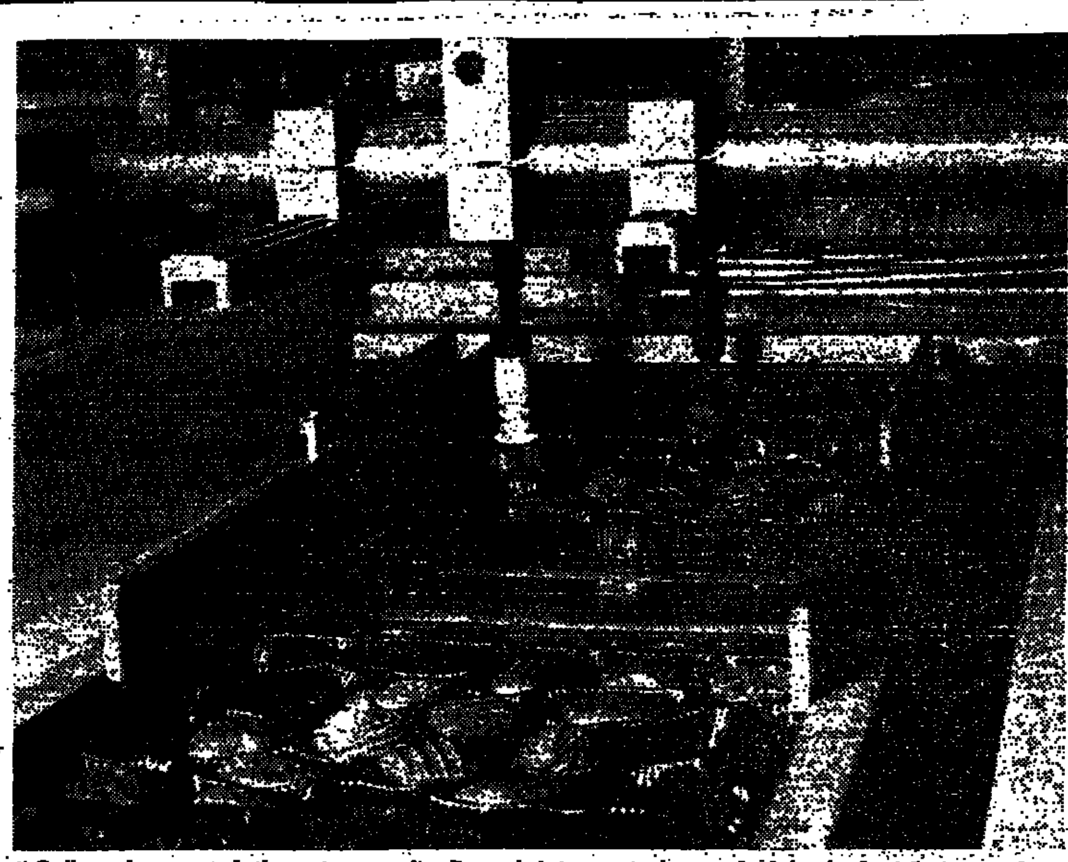
Superior

"In Europe and the U.S., the average stock investment in the automotive industry is around 10-12 days supply, including inward goods inspection, time in stores and 4-8 hours on the production line," says Oliver.

"In Japan, the comparable figure is less than 24 hours. Because of the quality of supply stocks in Japan are delivered daily—direct to the production line. Also, because of superior machinery design, a major tool change can take around 15 minutes in Japan, compared with 4-6 hours in a Western factory."

Oliver believes that the "incredible superior Japanese inventory performance highlights the opportunities that exist to reduce the current dependence of most European and U.S. logistics systems on very high levels of inventory."

Booz, Allen and Hamilton, 73 Brook Street, London W1 (01-499 8971); 101 Park Avenue, New York NY 10178 (212-697 1900).



"Cadbury has created the extra capacity it needed to meet the required level of customer service without increasing stocks"

Trading time for efficiency

AT THE core of Booz, Allen's approach to "supply chain management" is its belief that instead of depending on sophisticated and expensive computer management systems, they can make substantial savings by "trading off" the various different elements of manufacturing, marketing and product strategy.

One option is to do what Cadbury Schweppes did in its confectionery division—reduce the need for stock by increasing production and flexibility. Another is to trade improved delivery reliability against delivery times, the strategy chosen by Elcoma.

"Late deliveries to customers often cause them material shortages, with a consequent loss of production time and money," explains Keith Oliver. "So 99 per cent reliability on a slightly longer delivery time is frequently more acceptable to a customer than, say, a lower level of reliability on the normal—shorter—delivery time.

"With a longer delivery time," he continues, "a company should easily be able to offer increased reliability. More important, it should also be able to cut inventory—and therefore costs."

Reducing stocks is central to Booz, Allen's approach, which defines the supply chain as the sequence of events that occur from after the procurement of raw materials through to delivery to the final customer.

In terms of cost, the various elements of this chain include the bought-in price of materials, inventory, manufacturing and distribution costs.

Oliver says that while each of these costs can usually be improved on individually, the price of borrowed money and the uncertain economic climate "dictate that the single most important thing to do is to minimise the inventory investment."

COMPARATIVE ANNUAL STOCK TURNS

Industry	Japan	U.S.	Europe
Automotive parts (original equipment manufacturers)	11.3	3.9	3.8
Automotive and truck manufacture	11.9	5.6	5.6
Domestic appliances	6.5	3.7	3.6

"To do this," he says, "the fundamental objective is to increase stock turn—something that Western companies are not generally able to do to any significant extent."

In its study Booz, Allen found that most Western manufacturers tend to treat the supply chain as a series of separate operational functions, divisionally split between purchasing, manufacturing / production, distribution and sales/marketing.

At the strategic level any management systems are usually vertically integrated into the various functions rather than horizontally across the chain—as in Japan.

Oliver believes that the supply chain has to be managed as a single entity, otherwise there is a general lack of integration and overall management control.

Explaining Booz, Allen's "trade-off" technique, he points out that the different functions in the supply chain invariably have conflicting objectives. For example, in order to attract and keep customers, marketing generally requires short delivery times and high product flexibility while manufacturing usually prefers long notice of orders and long and stable production runs.

Instead of trying to balance these objectives, most Western companies "buy off" the problem with a buffer of stock, says Oliver.

He believes that in most companies there is usually room for trade-offs between these conflicting objectives: "marginal renegotiation of objectives can sometimes significantly reduce the need to have a buffer of stock."

"The traditional European and U.S. approaches to the logistics of managing a supply chain place a heavy emphasis on inventory, and pay little attention to achieving a better balance between the conflicting functional strategies," says Oliver. The Japanese approach, on the other hand, places emphasis on the reconciliation of functional conflicts, thereby reducing dependence on a high level of stock.

Ethics takes a back seat

CONCERN WITH corporate ethics is, it seems, a function of economic well-being.

It assumes a relatively high priority in times of plenty, but when the belt begins to tighten, businessmen revert to other preoccupations—at least in the U.S.

This is one of the main conclusions to emerge from a new study of boardroom issues in the U.S. A parallel survey in the UK fails to investigate this specific point but both identify that the overriding preoccupation of boardrooms on both sides of the Atlantic is now with financial results.

In 1980, 51 per cent of more than 600 major corporations said they had become more concerned about this issue. In 1982, the figure is just 18 per cent. On the other hand, a greater concern with financial results was cited by half the respondents.

The results do not suggest that companies are becoming less ethical about their business activities; only that the issue has been displaced by what they think are more important preoccupations.

The two surveys* were conducted by Korn/Ferry International, the executive head-hunting consultancy.

In the UK the researchers largely ignored the issue of business ethics, although a hint of where British companies stand on this subject comes through in answers to a question about the closely linked issue of corporate image.

Concern about corporate image has generally increased although it is a pre-occupation of a minority of companies. Of greatest importance, not surprisingly, were financial results, cash flow and the order book.

To find out more precisely what British companies think about ethical problems, Korn/Ferry intends to include a suitable question in future studies. "Up to now it's an area where we've presumed there's a high standard and anyway, British companies don't like to discuss it much." said a spokesman.

** Studies available from Korn/Ferry International, 2-4 King Street, London SW1. Price £15 for UK survey.*

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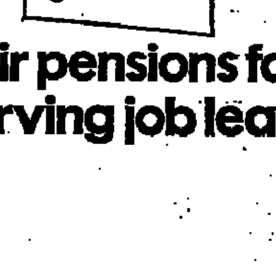

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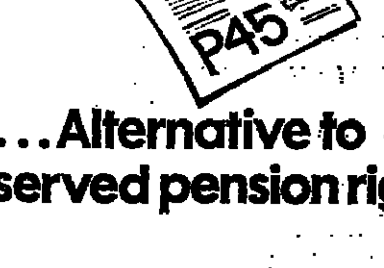

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THE ARTS

Cinema

Nigel Andrews

Shoot The Moon (AA) Plaza
Remembrance (AA) Screen on the Hill

The right and left hooks of married life

Albert Finney and Diane Keaton—confrontation in the kitchen

Alan Parker's *Shoot The Moon* failed to skewer any prizes at the Cannes Film Festival. But then when did the Golden Palm last offer itself up to a worthy winner? Mediterranean madness muddles the most agile of jury-panels, and this year the trite political finger-wagging of *Missing* shared top award with Turkey's *Yol*.

The latter was "directed" by Yilmaz Guney, who never even had the privilege of standing behind his own film's camera. Until recently a prisoner (he escaped jail and Turkey earlier this year), Guney has entrusted the shooting of all his recent movies to deputies: in *Yol's* case Serif Goren. However much visiting time may have been allowed during shooting for behind-bars discussion of *mise-en-scene*, is it really a happy precedent to strew top honours on movie-makers who cannot even visit their own sets?

In short, Parker's U.S.-made *Shoot The Moon* received not a glimmer nor a wink of a prize, yet for me it was one of the two best claimants for *Golden Palm* in Cannes. (The other was Antonioni's *Identification of a Woman*).

America had a near-fatal impact on Parker in his last film *Fame*, wherein the British director was swallowed up by the banshee optimism of a sub-Broadway musical about drama-and-music students. Watching the film was like being attacked by a squadron of Shirley Temples auditioning for *A Chorus Line*. But spirited to Northern California and to the splintering marriage of Diane Keaton and Albert Finney, a novelist and his wife living in health, wealth and growing unhappiness with four children, Parker has had truth, tartness and maturity suddenly woken in him. The result is a revelation.

Deep in Marin County, where the weather is damp and misty and British, marital bliss chez Finney and Keaton is buckling under the weight of his adultery (with girl friend Karen Allen) and her ever more spouse-neglecting absorption with the children. Parker and his scriptwriter Bo Goldman (of *Melvin and Howard*) have made the tics and rituals and geography of home life sing with pain. A row during washing-up becomes a minor naval battle (crashed dishes and exploding foam). Finney breaks into silent tears one evening alone in his study. Meals and outings and parties are mined with sudden hostility or ambush grief.

Separation ensues, and the film maps out their new "freedom" as no more than an engulfing two-pronged loneliness: he gloomily emancipated in the spray-washed oceanside house of his mistress, she buying a life of barbecues and not-quite-perfect bliss with the young man who comes to build a tennis-court in their garden. (And stays on to court.)

Keaton and Finney sink themselves so deeply, so completely in their roles that no film has ever so well caught the pendulum pulse of domestic stoicism and domestic misery. Finney's face, sagged like a sack, is a punchbag for all the right and left hooks Life has to throw, but it can also swell and explode like an overripe pumpkin. Keaton wings through the film on the nerve-ends of her character, edgy, skittering and combative. But she can also as suddenly draw the curtains on emotion, hiding pain behind a determined neutrality.

Parker has left all his visual tricksiness at the studio door. *Shoot The Moon* is a plain, patient, probing movie that birdwatches for the truth and has the luck of never having to wait long.

Only once does the delicate balance of humour and horror tapsize: when Keaton and Finney, meeting again in the midst of divorce proceedings, dine out at a restaurant and have one of "those rows" that are designed to tweeze hilarity from embarrassed waiters and *soigné* diners pretending not to hear. (There is even a comic lady pianist, striving to drown out vocal mayhem with ever more vivid arpeggios.)

But elsewhere *Shoot The Moon* is a masterpiece of marital microscope-work: putting under the lens not any pat or specious reasons for a marriage's failure, but the bruises of the epic journey into separation and the heart's stubborn reluctance to let go even when the last knots have been untied.

*

Another—no less virtuoso—side of Alan Parker was revealed in the second of two feature films he brought to Cannes: *Pink Floyd—The Wall*. The Floyd's famous concert album is soundtracked for us in seat-shaking stereo while images of matching bravura assault the screen. This non-narrative film-collage is Stream of Consciousness movie-style: a knock-on what-nextery of images—soldiers in battle, a punk fascist rock concert, cartoon serpents and birds and bombers (by Gerald Scarfe), blood, turmoil, hypodermics, Oedipal mothers—that like Pink Floyd's own music flies fearfully close to adolescent *sturm und drang* but somehow keeps its poetic wings airborne and vigorous. Coming to London soon and worth eager anticipation.

*

A rush of new movies from the Antipodes also commanded attention at Cannes. Many hymned Australia's *We of the Never Never*, a dawn-of-feminism-in-the-outback epic by debut director Igor Auzins. Lyric wide-screen prairies and sunsets, a plucky lead performance by Angela Punch McGregor: but the film seemed to me too much like a rerun of *My Brilliant Career*, or like *The Grass Is Singing* flapjacked into pietism.

Better—indeed one of the best films in the festival—was Sam Pillsbury's *The Scarecrow* from New Zealand, another first film. Jagged, colourful, exciting images—like animated stained-glass—piece out this Faulknerian tale of rural Gothic growing-up and goings-on in small-town NZ. Grizzle-bearded John Carradine growls out runic menace as a tramp who may be a rapist-killer, and Jonathan Smith is wide-eyed and excellent as the boy hero.

Nose-divers were few at the festival, but with mournful heart one must report as lost-in-action Jerzy Skolimowski's *Moonlighting*, Paul Morrissey's *Forty Deuce* and Edouardo de Gregorio's *The Aspern Papers*.

The first is a spluttering political comedy wherein four illicit Polish workers in London do up their boss's flat while Poland's crisis erupts abroad, unbeknownst to all but one (Jeremy Irons). The second is slow death by four-letter dialogue as gay hustlers in New York yammer their way through a long hot evening in bars and bedrooms.

And in the third, director E. de G. and stars Bulle Ogier, Jean Sorel and Alida Valli turn Henry James's enthralling literary treasure-hunt in Venice into a torpid tame-goose-chase in *belles lettres* Lisbon. H. J. should register a firm but gentlemanly protest in his grave.

But why end on a jaundiced note? A handful of exceptions only proved the rule once more that Cannes is the best film festival in the world: quantity, quality, charisma, *éclat*. And Steven Spielberg's *E.T. (Extra Terrestrial)* was surely the most popular closing-night film Cannes has ever enjoyed: a thing-from-outer-space fairy tale whose bug-eyed Lilliputian hero, constructed by the Special Effects men and let loose in American suburbia, must be the most charismatic Hollywood non-human since King Kong. Christmas will bring the film to Britain—enjoy and judge then.

*

Remembrance, written by Hugh Stoddart and directed by Colin Gregg, is a portmanteau of plots set in Plymouth: the adventures of a group of sailors enjoying their last 24 hours' shore-leave before a six-month sailing. Love affairs: glum-faced parents flitting down for the weekend: married farewells: and several lives catalysed by the death of a young man in a pub brawl.

The film has a tough, twitchy verisimilitude of mood and setting. But the tangle of different plots is often as confusing as its kaleidoscope. And neither the hopping between characters nor the comedy-of-deadpan-manners among the inarticulate has the acuity of Ken Loach or Mike Leigh (of *Bleak Moments* and *Grown Ups*) at their best.

Hamlet/Northcott, Exeter

B. A. Young

This unusually interesting *Hamlet* is part of the Northcott's summer repertory season that runs until the last week of July. Its other items are *Othello*, *The Soldier's Fortune* and *Rosencrantz and Guildenstern are Dead*. A company of 17 and a single basic set designed, by Tim Reed fill all the needs of the season.

The set is the first thing to take the eye, even though in *Hamlet* the first scene is in darkness. It is based on a fairly well-known drawing by Robert Fludd, dated at the beginning of the 17th century. The stage is surrounded on three sides, as if the performance were taking place in some great hall, and in each wall there are, besides the usual entries, panels that slide back to provide way for trucks carrying props for the scenes, or indeed actors to people them. In Act 1, the Ghost slides on at the end of one of these trucks, a detail I disapproved of, for it is deprived of its "martial stalk."

As if this set didn't give entrances enough, the Court arrives by way of the aisle that runs across the theatre halfway up. Hamlet, waved to a princely place by his mother, prefers to crouch among the first rows of the audience. They are dressed as if for the court of James I: the women especially look very fine in their long draperies, which they handle with skill and elegance.

The text is cut down to three hours, the cuts corresponding partly with the "bad" Quarto, though the lines are the familiar Folio lines. The most evident changes are the transposition of the "nunnery" scene to an earlier place in the play, and the inclusion of a scene between Gertrude and Horatio, where he tells her of the letters he has had from Hamlet, supposed to have been in England. There is nothing about the pirates, and no explanation of Hamlet's return. Voltemand and Cornelius, always the first casualties, are missing.

The acting is notable for the consistently proper intonation of the lines, that always make sense as well as music — so much so that the jokes come up fresh enough to get laughs from the audience more often than you generally hear. But there is fire as well as correctness; Anthony May and Craig Crosbie as Hamlet and Laertes both give stirring performances, and fight like a pair of Errol Flynns in the last scene. I thought Mr May a little too rough with his mother; perhaps this was why the Ghost made his appearance in that scene still wearing his armour, instead of "in his habit as he lived."

I much admired Edward Palmer's Polonius, who was dignified as well as comic, and never overplayed the comedy. Horatio (Carl Oatley) has been rescued from the new tradition of middle-age, and appears quite rightly as Hamlet's contemporary (and Rosencrantz and Guildenstern's). Amanda Orton's Ophelia gave me the impression of being Laertes' elder sister, not in her appearance so much as in their mutual relationships. Her mad scene, played in a long white dress, was as lovely to look at as to hear.

There are one or two novelties in Stewart Trotter's production. When Fortinbras's troops are marching off to Poland, the stage is dark; all you hear are the voices and the tramping feet. (And oh, the sadness of those lines about "the imminent death of 20,000 men" who "go to gain a little patch of ground that hath no profit in it but the name.") And the conclusion is wonderful: centre-stage lie the bodies of Laertes, Hamlet, Gertrude and the King, Horatio has spoken his beautiful farewell lines. Then the panel in the back wall opens, and Fortinbras, black and threatening, enters on the truck. There is no "Go, bid the soldiers shoot." He stands silent as the machinery carries him downstage. It does not stop when it reaches the bodies. It pushes them into an unwanted pile. Fortinbras is not waiting for the election.

The Blind Goddess/Octagon, Bolton

Michael Coveney

Although he was born in Poland, Ernst Toller is indelibly associated with the Expressionist movement in German playwriting between the wars. Even those familiar with such characteristic plays as *The Machine Wreckers* and *Hoppla! Such is Life!* would be astonished by the dense, fascinating melodrama about an alleged *crime passionel* that received a Vienna premiere 50 years ago.

The scene is a remote country village suffering from a drought, baking in summer heat. A doctor, Franz Farber, and his secretary, administer to the doctor's dying wife. They are in love, but tactfully so. An adrenalin injection causes (we are invited to assume) the fatality. A disgruntled serving girl, eavesdropping in a corner, shops the doctor to the police and the couple are sent for trial. Despite the Expressionist trimmings of a sardonic emcee and brutally sawn-off narrative line, a modern audience's immediate thoughts will turn to recent criminal cases, especially that of the surgeon Paul Vickers and his mistress Pamela Collison.

The difference is that Franz and the secretary, Anna, are palpably innocent. The plot does not actually redeem them until quite late in the action, but Toller concentrates on their plight as the victims of social ostracism and judiciary moralism. These are fascinating areas of the play, which moves from the country opening to court room, vivid prison scenes and, finally, a gloriously hollow home-coming ceremony for the acquitted lovers.

The point is that Franz and Anna are convicted on circumstantial evidence alone. In court, the serving girl's evidence for the prosecution is as suspect in its way as that of the pathologist whose diagnosis of slow poisoning by arsenic is demolished by subsequent revelations. There are several stunning switches of dramatic emphasis: after the trial, we are suddenly ushered backstage to the jury's deliberations, where a majority verdict is carried amidst an ambience of casual nose-picking and loose gossip; and, after the interval, Anna's "education" (more spiritual than political) is conveyed in a stark prison scene where the women's soul-destroying labour and incipient lesbian attachments are sketched in with muscular economy.

Unfortunately, Wilfred Harrison's Bolton production is muddied over with a grey pall of dull competence. Ken Binge and Lesia Melnik never hint at anything like passion. He plays Franz as a Christie-like shuffler with a moustache and vocal whine (totally wrong if the character is supposed to be in his early 30s); and she presents a one-dimensional figure of maidenly stage charm. These casting disasters still cannot detract from the final scene where the lovers, after their first night together after five years of frustrating imprisonment, are ripped apart by Anna's realisation that she can't bear the sight of the doctor.

The setting of Edward Furby is bare boards, boring benches and minimal properties, inadequately bathed in half-light. I would dearly love to see the play well done; it has a moral and melodramatic complexity untouched by the Octagon version.

Almeida Festival

Rosalind Carne

Alice shines in a video wonderland

Video screens, large and small, loom amidst a rampant wilderness of foliage. We watch a solitary child in floppy hat and sailor suit as she wanders around a huge stone house. When she tumbles down the rabbit hole, we see her from below, as if treading a spiral staircase down an endless well. The French-spoken soundtrack is easy enough for those who know their Lewis Carroll, and the effect is startling, as if hearing the words for the first time because of the effort of comprehension.

Sortie de Secours, under the directorship of André Ligeon-Ligeonnet, specialise in music-theatre and video-theatre, and I have never known the various media to be so beautifully entwined. Brian Eno's haunting keyboard accompaniment sounds like the reverberating song of the breathing world, the secret heart of earth, air, fire and water. This spacious old church with its wooden roof and crumbling brick walls is the ideal setting.

Myriam Courchelle, puzzled, elfin and graceful, is Alice both on and off screen. Early in the performance, video is supplemented by film and the actress enters by tearing through the projected image, just as if she were walking through a looking glass. But this is Wonderland with its human/animal grotesques. She talks to their images and the twin mode of presentation is an ideal way of emphasising her quaint penchant for self-analysis. The treatment is light-hearted, richly coloured, highly original and never boring. Instead of a caterpillar on a mushroom, we get a young boy smoking marihuana. The duchess and her baby are a grumbling man and a cat, and the sea of tears looks as fearsome as the South Atlantic.

Mr Ligeon-Ligeonnet is head of the video department of the Maison de la Culture in Bourges, home of some of the most sophisticated equipment in Europe. More of his films are on show in the Video Bus, parked outside the church. The medium plays a major role in the current Almeida Festival, with a Video Weekend of work by British and American artists from June 4 to 6.

In the garden

Performance art makes unusual demands on our attention and imagination. Where the visual and aural content evolves from some thematic coherence, the result can be mysterious, enveloping and powerful, as with "Sortie de Secours" or the best of Lumiere and Son. This nameless show by IOU, a young Yorkshire-based company, grew out of their chosen London venue, a derelict Victorian house in North London and its unkempt garden, where the audience sits. Raked seating gives a good view of the flaky white façade, as well as glimpses of the gutted interior.

A ladder rises dangerously to the chimney stack. In the fading twilight, the setting is magical, considerably more magical than the show which ensues.

Figures move inside the building. A woman in a dressing-gown bangs on the door. A grey-clad character in wire wings (the angel of the house?) steps down the ladder and places a doll's house over the woman's head. Apart from the obvious Ibsenesque implication there may be some vestigial reference to Freud's dream interpretation, but any such connections depend on intensely personal reactions.

No one speaks, movements are strictly functional, and the sequence is accompanied by harmonium, a steel drum and strings in a varied score which sounds like Bach unravelled into a slow Irish jig.

Two bloated, quasi-clerical types strut on, carrying beehives. The angel of the house removes the honey. Traffic noise mounts in nearby Holloway Road and a car zooms across the set. Exit two human-sized insects with striped bellies—a pair of burglars. Enter a white policeman on a lawn mower, and much more in a similarly confusing vein. The "pièce de résistance" is a full-sized single-seater aeroplane precariously attached to a fork-lift truck, with Biggles dispensing parcels to the inmates of the ill-starred dwelling.

Bricks and mortar may well be repositaries of a treasury of experience, but this collection soon palls into an ostentatious jumble.

Saleroom

Antony Thorncroft

This week Julian Thompson became chairman of Sotheby's British and European operations. His promotion leaves a gap in the Chinese department which he built into one of the most important and profitable parts of the business—exceeding in turnover last season both Old Master paintings and drawings and silver.

For the rest of this year he will continue with the retrenchment needed to return Sotheby's to profitability. More staff will go and perhaps a regional saleroom will be closed down. Within 12 months the workforce will have declined from over 2,000 to less than 1,600. But the removal of Sotheby's Belgravia to Bond Street will save time and money and the saleroom will be better placed to take advantage of the upturn in the market when that comes. There is no sign of it yet: top quality works of art are more than holding their value but the mass middle market is still depressed.

But Sotheby's has an exceptional sale on June 21—twenty manuscripts from the library of the castle at Donaueschingen in Germany, the property of the Prince Furstenberg, whose family has collected books for five hundred years. The first lot in the auction is six small fragments from a 5th century Bible.

Written in Latin in northern Italy it is not only the oldest Western manuscript in private hands but probably the oldest ever to appear at auction. No one is predicting the likely bids for such a rare item.

However, another remarkable lot, the complete manuscript of Orosius' "History of the World," copied in northern France in the late 8th century could fetch £300,000. It was originally written in the early 5th century to refute pagan claims that the inroads of the barbarians showed that the ancient gods were angry at the adoption of Christianity. An early 11th century Sacramentary from Augsburg Cathedral should also make £300,000.

There is one more particularly fascinating lot—a Book of Hours of about 1430, probably from Haarlem, which seems to carry printed artists marks under the twelve miniatures.

THEATRES

ALBERY. Air-cond. S 836 3878. Credit cards 379 6565-930 0731. Grp bkgs 839 3092-836 3962. Eves 7.30. Thurs & Sat Mat 3.0. OLIVER COTTON, ELIZABETH QUINN CHILDREN OF A LESSER GOD.

ALDWYCH. S 836 6404. CC 379 6233. For a short season. ALAN HOWARD. Best Actor of the Year in the RSC Award-winning production of GOOD. EVES 7.30 SHARP mats Wed & Sat 2.30 Wed mat 2 for price of 1 on £8, £6.50, £5.

AMBASSADORS. Air-cond. S CC 836 1171. Grp sales 379 6061. Tkts £6.50, £5.50, £4.50, £4, £3. Eves 8 pm. TODAY Mat 3 & Sat Mat 5. ROSEMARY LEACH, DAVID SWIFT. 84 CHARING CROSS ROAD by Helene Hanff. OVER 200 PERFORMANCES.

APOLLO, Shaftesbury Ave. CC 01-437 2663. Mon-Fri Evgs 8.0. Mat Wed 3.0 Sat 5.0 & 8.30. ALAN AYCKBOURN'S new comedy SEASON'S GREETINGS.

APOLLO VICTORIA (opp. Victoria Stn.). THE SOUND OF MUSIC. PETULA CLARK. London's most star-studded Musical. Evgs 7.30. Mats Wed & Sat 2.30. Box Office 10 am-8 pm in person/phone/post & SAE. HOTLINES 01-828 8665-6-7. Credit cards 01-836 6919-6184. Teledata 01-200 0200. 24 hr service Group sales 01-379 6061. Group bkgs 01-839 2751 THE SOUND OF MUSIC. London's greatest value. Good seats from £2.50 now available at door. NOW BOOKING TO SEPT. 18.

ASTORIA RESTAURANT THEATRE. Charing X Rd (opp Centre Point). BOX OFFICE 01-437 6565. OPENS JUNE 15. Red price previews from tomorrow. Opens at 6.30 pm. FULL CARVERY DINNER FOLLOWED BY THE OUTRAGEOUS MUSICAL WILD WILD WOMEN at 8.30. Followed by dancing. £10, £12.50, £15. Tickets exclusive dinner £5, £7, £9. Instant credit card booking 930 0731/836 4465. Red group bkgs 839 3092.

BARBICAN. S 01-628 8795. CC 01-638 8891 (Mon-Sat 10 am-8 pm, Sun 12.30-8 pm). 24-hr info. 01-628 2295. ROYAL SHAKESPEARE COMPANY. BARBICAN THEATRE ton't 7.30 pm seats avail. preview HENRY IV PT II. Tomor mat 2 pm HENRY IV PT I, eve 7.30 pm HENRY IV PT II. THE PIT—ton't & tomor 7.45 pm A DOLL'S HOUSE by Henrik Ibsen. RSC also at Aldwych/Piccadilly.

BARBICAN HALL. Barbican Centre EC2. CC 01-638 8891. Reservations 01-628 8795. Tomor 8 pm Royal Philharmonic Orchestra. SOLD OUT. Raymond Gubbay Ltd. Sun 7.30 pm An Evening with Roy Orbison. Some seats still avail.

BLOOMSBURY THEATRE (formerly Collegiate). Gordon St. WC1. Box Office 387 9629. THE MERCHANT OF VENICE. Evenings 7 pm. Mats 2 pm. Seats £3.50 (Students) £2.50.

CAMBRIDGE. CC 01-836 1488/6056/7040. SUSANNAH YORK, TOM BELL, TOM BAKER, RALPH BATES, PAULA WILCOX & IRENE HANDL in HEDDA GABLER. 10 wks only.

CHICHESTER FESTIVAL THEATRE. 0243 781312. Season sponsored by Martini & Rossi Ltd. VALMOUTH ton't 7.30.

COLISEUM. S 836 3161. CC 240 5258. Hotline 930 0731. Opens Tonight. NUREYEV FESTIVAL. Evgs 7.30. Mat Sats 2. Until June 12. RUDOLPH NUREYEV with LONDON FESTIVAL BALLET in ROMEO & JULIET.

COMEDY THEATRE. S 930 2578. Credit card bookings 839 1438. Grp sales 379 6061. Mon-Fri 8.00. Sat 8.15. Mats Thurs 3. Sat 5.15. Price £2.50-£7.00 (not suitable for children). STEAMING by NELL DUNN.

COVENT GARDEN. S 240 1066. Access/Visa 836 6903. THE ROYAL OPERA. Tomor at 7.00 Simon Boccanegra. Tues & Thurs at 7.30 La clemenza di Tito. Wed at 7.00 Pelleas et Melisande.

CRITERION. Air-cond. 930 3216. CC 379 6565. Grp reduction 836 3962. Mon to Thur 7.30, Fri & Sat 6.00 & 8.45. Over 300 performances. DARIO FO'S COMEDY CAN'T PAY? WON'T PAY! Students all seats £3.50.

DONMAR WAREHOUSE. 41 Earlham St. S CC 01-836 1071/379 6565. Bkg now open for AUNT MARY by Pam Gems. 15 June-31 July.

DRURY LANE Theatre Royal. CC 01-836 8108. Grp sales 379 6061. TIM CURRY PAMELA STEPHENSON GEORGE COLE ANNIE ROSS in THE PIRATES OF PENZANCE. Eves 7.30. Mats Wed & Sat 3.0.

DUCHESS. S CC 01-836 8243. Monday-Thursday at 8.0. Friday & Saturday 6.0, 8.30. VICTORIA WOOD and THE GREAT SOPRENDO in FUNNY TURNS.

DUKE OF YORK'S. 836 5122. CC 836 9837. Group sales 379 6061. Mon-Thurs 7.45, Fri 6 & 9.15, Sat 5.15 & 8.30. Simon Callow & Patrick Ryecart in J. P. Donleavy's BALTHAZAR.

FORTUNE. 836 2238. CC 01-200 0200. Hunter Thompson's FEAR AND LOATHING IN LAS VEGAS. Eves 8.00. Fri & Sat 6 & 9. Bar open 6 pm. Pub prices. Mats all seats £3.

GARRICK. CC 836 4601. Evgs 8. Mats Wed 3. Sats 5 & 8. 12th HYSTERICAL YEAR OF THE LONGEST RUNNING COMEDY IN THE WORLD. NO SEX PLEASE WE'RE BRITISH. Directed by Allan Davis. Group sales Box Office 379 6061. Credit card bookings 930 0731.

GLOBE. S CC 437 1592. Mon-Fri 7.30. PASS THE BUTLER. The new comedy hit by Eric Idle with WILLIAM RUSHTON, JOHN FORTUNE, MADGE RYAN and PETER JONES. Mon-Thurs 8.00. Fri & Sat 6.0 & 8.45. MUST END JUNE 5.

GLOBE. S CC 437 1592. 439 6770/6779. Wed mat 3.0. Sats 5.0 & 8.0. GERALD HARPER, VIRGINIA McKENNA JAMES GROUT, JOHN BARRON, LUCY FLEMING in A PERSONAL AFFAIR. Prev June 7 at 7.30. OPENS June 8 at 7.

GREENWICH. S CC 01-858 7755. Evgs 7.45 (June 21 7.0). Mats Sat 2.0 From June 16 Coward's DESIGN FOR LIVING.

HAYMARKET THEATRE ROYAL. 930 9832. Evgs 7.30. Mats Wed 2.30. Sat 4.0. PENELOPE KEITH in CAPTAIN BRASSBOUND'S CONVERSION by Bernard Shaw. Previewing until June 9. Opens June 10 at 7.00. Running in repertoire with A Coat of Varnish & Hobson's Choice.

HAYMARKET THEATRE ROYAL. 930 9832. June 24-July 7. PETER BARKWORTH in A COAT OF VARNISH. A new play by Ronald Millar.

HAYMARKET THEATRE ROYAL. 930 9832. July 8-July 21. PENELOPE KEITH ANTHONY QUAYLE TREVOR PEACOCK in HOBSON'S CHOICE. a comedy by Harold Brighouse. Directed by Ronald Eyre.

HER MAJESTY'S. 930 6606-7. CC 930 4025-6. Group sales 379 6061. Eves 7.30. Air-conditioning. Sat mat 3.0. FRANK FINLAY in AMADEUS by PETER SHAFFER. Directed by PETER HALL.

KINGS HEAD. 226 1916. Today & Tomor: Lunchtime 1.15. Eves Dnr 7. Show 8. WYRES CROSS a soap opera presented by Mrs Worthington's daughters.

LONDON PALLADIUM. 01-437 7373. MICHAEL CRAWFORD and the entire cast of BARNUM CURRENTLY ON ANNUAL VACATION. BOX OFFICE OPEN NOW For all performances from RE-OPENING ON JUNE 28 through to Feb 5 of next year. Evenings 7.30. Mats Wed & Sats 2.45. Barnum Hotlines 01-437 2055, 01-734 8961 for instant credit card reservations.

LYRIC THEATRE. Shaftesbury Ave. Box Office 437 3686. Tel. Credit card bkgs accepted. GLENDA JACKSON, GEORGINA HALE in SUMMIT CONFERENCE. A new play by Robert David MacDonald. Evgs 8.0. Mats Sat 5.0, Wed 3.0.

LYRIC HAMMERSMITH. S CC 01-741 2311. Eves 7.30. Thur Mat 2.30. Sat 4.30 & 8.15. HAYLEY MILLS, JONATHAN PRYCE TALLEY'S FOLLY by Lanford Wilson. Directed by Marshall W. Mason. LYRIC STUDIO: Eves 8 pm Sheila Gish & Peter Eyre in BERENICE by Racine. Dir. Christopher Fettes.

MAY FAIR. S CC 629 3036. Mon-Thurs 8.0. Fri and Sat 6 & 8.30. Richard Todd, Derren Nesbitt, Carole Mowlam in THE BUSINESS OF MURDER. SECOND GREAT YEAR.

MERMAID TH. Blackfriars, EC4. S 236 5568. CC 236 5324. ROBERT HARDY SIAN PHILLIPS DEAR LIAR. Eves 8.0. Sat 5.15 & 8.30. Half price mats Wed at 3.0. Pre-theatre supper from 6.

NEW LONDON. CC Drury Lane, WC2. 01-405 0072 or 01-404 4079. Eve 7.45 Tues and Sat 3.0 and 7.45. The Andrew Lloyd-Webber—T. S. Eliot Award Winning musical CATS. Group bookings 01-405 1567 or 01-379 6061. LATECOMERS NOT ADMITTED WHILE AUDITORIUM IS IN MOTION. PLEASE BE PROMPT. NOW BOOKING TILL JAN. 29.

NATIONAL THEATRE. S. 928 2252. OLIVIER (open stage) Ton't 7.15 Tomor 2.00 & 7.15 GUYS AND DOLLS (THE ORESTEIA—last perfs June 23 & 24). LYTTELTON (proscenium stage) Ton't 7.45 Tomor 3.00 & 7.45 ON THE RAZZLE by Tom Stoppard. COTTESLOE (small auditorium — low price tkts) Ton't 7.30 Tomor 2.30 & 7.30. THE PRINCE OF HOMBURG by Heinrich von Kleist. Restaurant 928 2033. Credit card bkgs 928 5933. Air-conditioning. NT also at HER MAJESTY'S.

OPEN AIR REGENT'S PARK. S 486 2431. Instant credit card bookings 930 0731. Kate O'Mara and Christopher Neame in THE TAMING OF THE SHREW. Red price prevs. ton't 7.45, tomor 2.30 & 7.45.

PALACE. CC 01-437 6834. CC Hotline 437 8327 Andrew Lloyd-Webber's SONG AND DANCE. Starring Marti Webb & Wayne Sleep. Limited season now extended to Sept. 25, 1982. Mon-Fri 8 pm. Mats Wed 3. Sat 5.45, 8.30 (from w/c June 14, Eves 8.0, Fri & Sat 5.45 & 8.30). Some good seats still available most perfs. Group sales 379 6061.

PHOENIX THEATRE (Charing Cross Road) 01-836 2294-8611. Eve 8.0, Fri & Sat 6.0 & 9.0. ONE MO' TIME! THE GREAT NEW ORLEANS MUSICAL ONE MO' TIME IS A GOOD TIME! Group sales 01-379 6061. Ring Teledata 01-200 0200 for instant confirmed CC bookings 24-hour personal service available. Last wks. Special students and OAP discount.

PICCADILLY. Air-cond. 437 4506. CC 379 6565. Group sales 01-836 3962. 379 6061. Prestel bkgs Key 220 2324. Mon-Fri 7.30. Mat Wed 3.0. Sat 3.30 & 8.15. Students £3.50 in advance. ROYAL SHAKESPEARE COMPANY in Willy Russell's new comedy EDUCATING RITA. RSC also at Aldwych/Barbican.

PRINCE EDWARD. Tim Rice and Andrew Lloyd-Webber's EVITA. Dir. by Hal Prince. Evgs 8.0. Mat Thurs (economy price), Sat 3.0. Evgs perf ends 10.15. Box Office 437 6877. CC Hotline 439 8499. Grp sales 379 6061 or Box Office Instant 24-hour bkgs Teledata 01-200 0200.

PRINCE OF WALES THEATRE. 930 8681. CC Hotline 930 0846 or Teledata 01-200 0200 (24-hr bkgs). ROY HUDD, CHRISTOPHER TIMOTHY in UNDERNEATH THE ARCHES. Evgs Mon-Thurs 7.30. Fri & Sat at 5.15 & 8.30. Group sales Box Office 01-379 6061.

QUEEN'S. S CC 01-734 1166. 439 3849-4031. Group sales 01-379 6061. Evenings 8.0. Mat Wed 3. Sat 5.15 and 8.30. ANOTHER COUNTRY by Julian Mitchell.

RAYMOND REVUEBAR. CC 01-734 1593. At 7.00, 9.00 and 11.00 pm. Open Suns. PAUL RAYMOND presents THE FESTIVAL OF EROTICA. Special concession to members of H.M. Armed Forces. Admission £1.00 at any 7 pm perf. 25th sensational year.

ROYAL COURT. S CC 730 1745. Evgs 8.0. Sat Mat 4.0. Mon Evgs & Sat Mat all seats £2. NOT QUITE JERUSALEM by Paul Kember.

ROYAL COURT THEATRE UPSTAIRS. 730 2554. BAZAAR & RUMMAGE by Sue Townsend. Last perfs ton't tomor 7.30.

SADLER'S WELLS THEATRE EC1. CC 278 8916 (5 lines). Grp sales 379 6061. 24 hr instant confirmed res. 200 0200 AUSTRALIAN DANCE THEATRE. ... the new mood of the exhilarating country that is Australia. 15 to 26 June. AMPLE FREE PARKING after 6.30 pm.

SAVOY. S 01-836 8888. CC 930 0731. Evenings 7.45. Mats Wed 2.30. Sats 5.0, 8.30. MICHAEL FRAYN'S NEW COMEDY NOISES OFF. Directed by MICHAEL BLAKEMORE.

STRAND. CC 836 2660-4143. RALPH RICHARDSON, JOAN GREENWOOD in THE UNDERSTANDING. A new play by Angela Huth. Eves Mon-Sat 8 pm. Mat Sat at 5 pm. Group sales Box Office 379 6061. Must end June 5.

ST. GEORGE'S SHAKESPEAREAN TH. 01-607 1128. Perfs 7.30 pm. TWELFTH NIGHT in repertoire. June 3, 4, 5, 11 & 12 with MACBETH June 10, 17 & 18.

ST. MARTIN'S. CC 836 1443. Evgs 8. Tues Mat 2.45. Saturdays 5 & 8. Agatha Christie's THE MOUSETRAP. World's longest-ever run. 30th Year. Fully air-conditioned theatre.

TALK OF THE TOWN. CC 01-734 5051. For reservations or on entry. London's Greatest Night Out from 8 pm. 5 hours of Top Entertainment THE TALK OF THE TOWN GALA GALAXY REVUE (9.30), with a cast of 35. JOHN LONGTHORNE (11 pm). Dinner, Dancing, 3 bands.

VAUDEVILLE. CC 01-836 9988. Eves 8. Wed mats 2.45. Sats 5 & 8. GORDON JACKSON in AGATHA CHRISTIE'S CARDS ON THE TABLE. Fully air conditioned theatre.

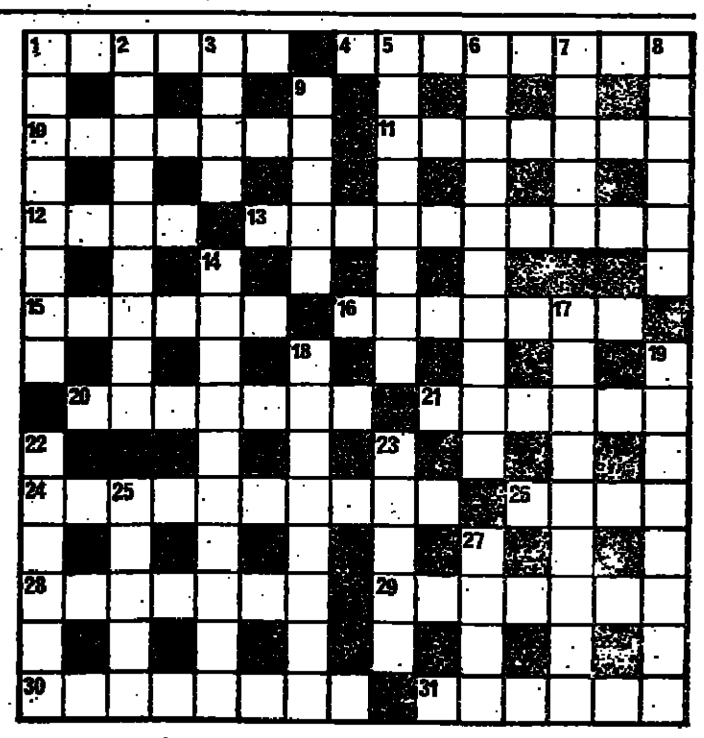
VICTORIA PALACE. CC 01-834 1317-8. 01-828 4735-6. DENNIS WATERMAN, ANTON RODGERS. The News Musical WINDY CITY based on the play The Front Page. Directed by Peter Wood. Previews from July 9. OPENS JULY 20 at 7.00. Sub nightly at 7.30 pm. Mat Wed & Sat 3.00 pm.

VICTORIA PALACE. CC 01-834 1317-8. 01-828 4735-6. Evgs 7.30. Mats Wed & Sat at 2.30. Limited number of good seats avail this week. ELIZABETH TAYLOR in THE LITTLE FOXES by LILLIAN HELLMAN. Credit cards accepted. Group sales 01-379 6061. MUST END JULY 3.

WESTMINSTER. CC 834 0283. HANNAH GORDON, GWEN WATFORD, PAUL DANEMAN, JOHN CARSON in THE JEWELLER'S SHOP by Pope John Paul II. Eves 7.45. Mats Wed & Sat 2.30.

WYNDHAM'S. Air-cond. 836 3028. CC 379 6565. Grp reductions 836 3962. Mon-Fri 7.30. Sat 4.30 & 8.00. Wed mat 2.30. Record UK run for any Miller play. Must end July 31. COLIN BLAKELEY, ROSEMARY HARRIS in ARTHUR MILLER'S ALL MY SONS. Directed by Michael Blakemore.

F.T. CROSSWORD PUZZLE No. 4,888



ACROSS

1 Take in with the eye of a sailor (6)
4 Hip seams split by stress (8)
10 A first former? (7)
11 Falls back again on the gunners (7)
12 The French way to get fat (4)
13 50 per cent off? (4, 6)
15 Put new pep into endless diet with port (6)
16 Assign work to a writer (7)
20 A long wandering tale (7)
21 Not just a mixture of fun and music (6)
24 The living present? (4, 2, 4)
26 Spent American notes (4)
28 High-flown writings (3-4)
29 What confuses pictures coming across (7)
30 Visibly in tears (8)
31 Cupboard key (6)

DOWN

1 Touching display of regal appreciation (8)
2 The point of a savage attack (9)
3 Pity for a girl badly hurt? (4)
5 Clear evidence of what a ship is carrying (8)
6 Obstinate but brainy? (10)
7 Disturb for a moment (5)
8 Good man maps out marks of official approval (6)
9 Tapestry in France (5)
14 Bishops getting poor copies on damaged tape (10)
17 The growth of a fairy tale (9)
18 Have a touch of colour and be miserable (4, 4)
19 The new director has yet to be paid (8)
22 Horrified — has the wrong tag showing outside (6)
23 Wartime imprisonment of a convict (5)
25 Highest tree on the way (5)
27 Bespectacled greeting in American state (4)

Solution to Puzzle No. 4,887

DEPICTED GANDER
E A O C R R E
PALLMALL MANIAC
A S E I I B L O
RIGHT POSTILLER
T R S L N D
GAUCHE EGOTISE
C V O S S R
AVERAGE CRETIC
S L T O N S
HIDEBOUND VAGUE
M A R I I L V
ENTRAP ACCOLADE
R U S E L S R
ENMESH ASSASSIN

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000
Friday June 4 1982

Mr Scargill's strategy

MR ARTHUR SCARGILL, newly installed as president of the National Union of Mineworkers, is wasting no time in making his presence felt. For him the miners are the vanguard of the working class, whose industrial strength must be used not only to advance the cause of the union andi ts members, but also to support the labour movement in general. From this perspective it is entirely logical that Mr Scargill should choose as one of his first battlegrounds the closure of loss-making pits. A concentration of the industry into a smaller number of "super-pits" would greatly reduce the size of the labour force and so weaken the influence of the NUM. Moreover, some of the worst loss-makers are those pits in isolated communities—where the traditional solidarity of the miners is strongest and left-wing leadership often well established.

Closures

Mr Scargill is insisting that no pits should be closed as long as there is coal available to be extracted. He has givein his full backing to the campaign of resistance to the closure of the Snowdown colliery in Kent, running at a loss of £9m a year. Earlier this week the Kent miners voted for an all out strike from June 19; they intend to widen their action by seek-support from other areas of the industry.

It is too early to say whether this dispute will turn into a serious confrontation comparable to the events in South Wales at the beginning of last year, when strike action forced the Government and the National Coal Board to withdraw their plans for closing uneconomic pits. But the Snowdown affair and Mr Scargill's reaction to it raises several important questions.

Support

The first concerns the extent to which Mr Scargill will carry the miners with him. It was clear from the meeting in Kent this week that a significant minority of the miners affected was unhappy with the position of the leadership — particularly the proposal that any miner who accepted the NCB's redundancy terms would lose his union benefits. It is no doubt true that miners are less easily swayed by the offer of redundancy money than, say, workers in steel or the motor industry. But the alternative — working in an uneconomic pit which has no long-term future — is not necessarily one which all miners would willingly choose. For Mr Scargill to preserve the labour force in coal at roughly its present level implies a commitment to coal mining as a long-term career (for their children as well as themselves) which not all his members may share.

Consequences

The second question relates to the wider economic consequences of Mr Scargill's strategy. The NUM has shown on several occasions that it can bring great power to bear on governments. But there must be a limit to the ability of a trade union, however powerful, to extract funds from the taxpayer to maintain a loss-making industry at a size determined by the union itself, let alone provide funds for new investment.

In past disputes the coal miners have enjoyed a degree of public sympathy on the grounds that their job is difficult and dangerous and deserves to be highly paid. A fight to preserve jobs and to protect the coal industry from the kind of adjustment which most other sectors have had to endure is quite another matter.

Equally, there must be doubts about Mr Scargill's ability to defy the laws of economics. The tail of uneconomic pits increases the cost of British coal and reduces the demand for it. The electricity industry is to some extent a captive customer; it cannot switch, at least in the short term, to large-scale imports of coal. But as long as British coal remains expensive the attractions of alternative sources of energy, chiefly nuclear power, are certain to increase.

Finally, the timing colud hardly be less suitable for a national confrontation over pit closures. With the Prime Minister at a peak of authority and popularity, an apparently political strike over pit closures engineered by a Left-wing union leadership is not something that will set the labour movement alight, for all its dislikes of Mrs Thatcher's economic policies. It must be clear to Ministers, if not yet to Mr Scargill, that they are unlikely to enjoy a more favourable opportunity to stand up to pressure from the NUM and to exorcise the fear which has haunted successive Conservative governments for the past decade.

France out on a limb

THE REALITIES of the French economy bode ill for President Francois Mitterrand's hopes that the Versailles summit will help towards a better co-ordination of the economies of the EEC, Japan, and the U.S. Far from converging with the main centres of economic power in the world, France is out of step even within Europe.

Renewed talk of a devaluation of the franc is the overt symptom of this lack of convergence. There have even been suggestions, emanating from Bonn, that France may drop out of the European Monetary System created to keep its members tied to a joint monetary discipline.

Deficits

M Mitterrand is reported to have told visitors that, to him, the EMS is not an article of religious faith, and to have mused, at least theoretically, about the subject of a devaluation. The reasons why he should have done so are not hard to seek.

France is piling up deficits in its merchandise trade which M Michel Jobert, Minister of Foreign Trade, has described as "execrable." Official forecasts released yesterday put the visible deficit for 1982 at FFr 70bn (about £6.4bn) as against FFr 65bn last year. The forecast inflation rate is 12.6 per cent, better than the 14 per cent of 1981—but more than twice as high as that expected by France's German competitors.

Add to that wage costs thought to be rising three times as fast as those in Germany and it is plain why the franc is open to attack. In spite of tightening controls on capital movements French nominal interest rates have had to be kept high, and the option of keeping them high needs to be maintained. That does not put M Mitterrand into the strongest of tactical positions to plead for worldwide interest rate "disarmament."

Divisions

The French Government has shown its awareness of the difficulties in prospect. Several ministers, especially M Jacques Delors at Finance, have been calling for "rigour," a word that recalls the "severity" preached by the last pre-Mitterrand Prime Minister, M Raymond Barre. But the cabinet appears to be divided and there is no telling what will come from a press conference to be held by the President on June 9.

The group around M Delors and probably also the Prime Minister, M Pierre Mauroy, wants to cut public expenditure to free resources for industrial investment; by volume, investment dropped 3.5 per cent last year and the decline is continuing. But within the Socialist Party there is pressure for a price and wages freeze instead. Quite apart from the fact that measures of this kind usually create worse problems than they solve, it is difficult to see how a freeze would encourage investment.

Allowance must be made for the fact that M Mitterrand came to power a year ago on a tide of hopes that French society would be made more open and that the lot of the worker would be improved. That said, it is evident that policy so far has done little to bring about a better allocation of resources.

Nationalisation

The practical consequences of nationalisation must be judged by that criterion. A large question mark overhangs the recent instruction to the State-owned banks to make available FFr 6bn in equity capital and loans to State-owned industry.

Understandably the banks are afraid that they may have to put more money into declining industries such as coal, steel and textiles. Doing so would even run counter to M Mitterrand's avowed objective of developing the industries of the future, such as electronics.

The choice before M Mitterrand is hard—but no harder than that of many other national leaders. He must weigh up the present needs of about 2 million unemployed against the future of French industry which badly needs a good investment climate. If he gets it wrong he will damage the prospects of greater international co-operation and of forging a coalition of nations determined to claw their way out of recession.

WORLD DIAMOND GLUT

De Beers fights to keep control of the markets

By J. D. F. Jones in Johannesburg

JWANENG is on the very edge of the Kalahari desert. To get there you take a new road that leads 120 miles west of Botswana's village-capital of Gaborone or, better, you fly in on the De Beers daily Beechcraft.

There, in a featureless landscape of flat scrub-bush, is a spanking new company town complete with supermarket, golf course, hospital, 5,000 people and a large open-pit, a mile wide, which Mr Harry Oppenheimer, chairman of Anglo American Corporation and of De Beers Consolidated Mines, has described as "probably the most important Kimberlite pipe discovered anywhere in the world since the original diamond discoveries at Kimberley more than a century ago."

Commercial production is to start this month, which means that Debswana (owned 50-50 by De Beers and the Botswana Government) will be mining 400,000 tons of ore a month from the site. From this it reckons on extracting 2.9m carats this year (containing about 30 per cent of gem quality), 3.8m carats next year, and about 5m carats by 1985.

Add this to Debswana's two existing mines, further north at Arapa and Letlhakane, and Botswana's diamond output will soon be running at approximately 10m carats a year. That will represent more than one half the total production of the De Beers group, and perhaps a fifth of the world's output.

For a developing country which, though vast in area, contains only 930,000 inhabitants, this must be a gift of the Gods. But the opening ceremonies are going to be muted. Jwaneng is coming on stream at a most delicate moment: Botswana's good fortune is bound to draw fresh attention to the Great Diamond Glut, and to De Beers grim efforts to maintain its monopolistic controls over the international diamond trade.

In essence, De Beers is confronted with two separate developments which together produce a textbook dilemma. First, demand for diamonds has slumped as part of the world recession — a process exacerbated by rash overstocking in the cutting centres in the late-1970s and particularly evident at the upper end of the "investment" trade. Secondly, market supply has soared, almost without anyone wishing it. De Beers, which actually produces one-third of total output (including industrial diamonds) but through its Central Selling Organisation (CSO) handles over 80 per cent of the total, has staked the resources of Mr Oppenheimer's Anglo American empire to maintain the "stability" in the diamond market first promised and organised by his father, Sir Ernest Oppenheimer.

In the words of Mr Julian Ogilvie Thompson, who is in effect chief executive of De Beers and becomes joint deputy chairman of Anglo at the end of this year, "The practice of the CSO is to hold back supplies at times of weak demand, thereby maintaining prices, and to sell from stock when demand exceeds production, thus restraining upward pressure on prices."

In other words, "stability" in bad times — like now — means stockpiling, or slowing back production, or a combination of the two, according to a system of quotas agreed between De Beers and the various producers.

This system has already had a harsh impact on some of the producer-States: to which De Beers can of course argue in reply that they would be in much worse trouble if things really fell apart and the centre (ie, the COS) could not hold ...

Not surprisingly, the detailed activities of the CSO are largely a closed book, but the strain is evident from the public figures. CSO sales in 1981 fell to R1,249m (£650m) from R2,142m in 1980, a drop of 42 per cent. De Beers stocks of diamonds doubled to R1.4bn, while their cash holdings fell from R1.3bn in 1978 to almost nothing. In March this year the dividend was cut for the first time for 37 years.

Since then there has been some confident talk from Johannesburg of buoyant retail demand for smaller stones, especially in the U.S. and Japan, and the running down of stocks at the cutting centres (which Mr Ogilvie Thompson estimates at "up to 45 per cent from the peak"). But no one believes that the investment demand is going to pick up until interest rates fall and the recession lifts. It is thought that 60 per cent of present production is being held back from the market.

World capacity is something like 45m carats—of which about one-fifth is gem diamonds. Sir Ernest Oppenheimer realised in the 1920s that De Beers needed to control production outside South Africa, and he therefore worked to set up the syndicate which today, as the group of companies known as the CSO, in effect controls all sales (including, unofficially, Soviet exports), except for the output of Zaire, Ghana, the Central African Republic and Brazil and Venezuela. In addition the CSO buys up other available diamonds.

But De Beers has always in the past had the clout to control that CSO market thanks to its dominant position as a Southern African producer. Presumably De Beers still needs to maintain that dominance, particularly at a time of strain.

De Beers own operation can be broken down into:

● South Africa itself, with its Kimberley division, its Namaqualand division and the old stalwart Premier Mine (source of the Cullinan diamond in 1904). This domestic base will by next year account for less than one-half of group production and would be even weaker were it not for the fast-expanded Finsch mine, discovered by accident in 1961. De Beers has been ringing the changes since the beginning of the year in order to cut costs and maximise production of the sellable (as opposed to the high-quality) stones.

● Namibia. The CDM operation down on the remote and prohibited "Diamond Coast" of Namibia (South-West Africa) produces high-quality aluvial stones, but there is a very large political question-mark over the future. No one knows what will hapen to CDM if Swapo wins an election for an independent Namibia. CDM, with Namaqualand, has taken the brunt of the production cutback this past year. The result has been to plunge Namibia's finances into disarray.

● The Letseng-la-Terai mine, 10,000 ft up in the icy mountains of Lesotho, is tiny—and indeed, as Mr Oppenheimer used to say, "domantic"—but it has a disproportionate importance to Lesotho's struggling economy, since Letseng is the biggest private sector employer and diamonds are the country's principal export. Last month it was axed. De Beers made various proposals for cost cutting and tax adjustments, the Lesotho Cabinet said no, and the company brusquely announced that the mine would be closed down for good.

● Botswana. In contrast, here is De Beers' new favourite child. There has evidently been a decision to concentrate on the group's future expansion in Botswana, where Debswana has been spared much of the cutbacks and economies that have hit, for example, Namibia. The resident director in Gaborone, Mr Louis Nchindo, says that Botswana is selling "more than 50 per cent" of production in terms of carats, and everything suggests that Botswana has come well out of the quota allocation that it was given last year.

So Jwaneng will be allowed to add another 4.5m carats to the overloaded market and Botswana for the rest of this century is to be De Beers' major source of supply. It is a political as well as a technical decision, based not only on the richness of the pipes but also on the stability and moderation of Botswana's society and rulers.

But even here the diamond slump has hit hard. There is a stockpile in Gaborone worth about $120m—in effect owned 50-50 by Debswana and the Botswana Government (though it should be borne in mind that Botswana takes 75 per cent of profits according to the secret deal with De Beers). The country is in financial crisis because diamond sales dropped by $100m in 1981 and Government revenues from the industry fell by one-third in the last financial year (and diamonds account for 60 per cent of Botswana's exports and one-third of exchequer revenue). The Government has signed a five-year contract with the CSO, is waiting for the market recovery as anxiously as anyone in Johannesburg or Kimberley and it is also likely to push for a voice of its own at the CSO.

Thus, at De Beers' regional heartland, it is clear that the decision is: concentrate on Botswana; play Namibia very cautiously; sacrifice the weak, and shuffle the South African operation, holding back production if necessary, for the larger aim. This policy ought to work since South Africa, Namibia and Botswana between them produce one-half of the world's gems.

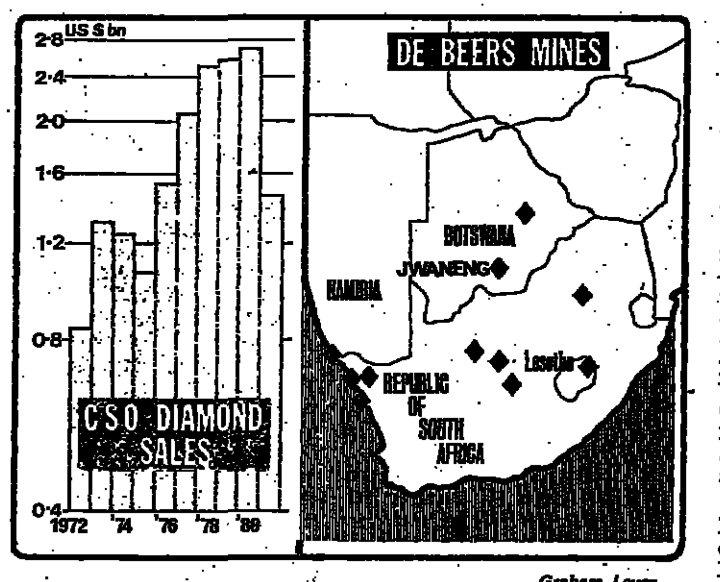
The trouble is that this strategy has to be related to a sluggish world demand, so that one has to ask, how long can the policy cope if demand refuses to recover. (There is an uncomfortable historical precedent here: Mr Oppenheimer's father actually closed down the local diamond mines for 1932-37, and other producers agreed to limit output, in order to regain control of the market.) Moreover, what happens when *additional* diamonds are found which either are, or might seem to be, beyond De Beers control?

The most dramatic example of this, of course, is the new Western Australian discovery of the Argyle mine by the Ashton joint venture, which is going to add a colossal 22.5m carats (mostly of industrial quality) in the mid-1980s. The CSO seems likely to sign up the gem output and says it can cope, and De Beers keeps on emphasising that only 2-3m of these carats will be gem, but ever 2-3m is not exactly good news for the monopoly. (There may even be another historical precedent to bear in mind—in 1908 De Beers completely under-stimated the importance of the discoveries in South-West Africa.)

The question that must be asked is, how high can world demand go in the 1980s even after the recession lifts? From 40m in 1980 to 60m? 80m? Mr Ogilvie Thompson said recently that 30m pieces of jewellery were bought in 1981 and that this figure could double by 2003. He also argues that the industrial diamond market is strong and that "natural" industrials, which are a by-product of gem mining, can hold their own against the synthetic product. Another view is that the stockpile hanging over the market is still so large that it will take years to clear.

There are plenty of other diamond prospects. The capital expenditure for De Beers' own expansion programme, launched in the dangerously happy days of the late 1970s, has been committed and spent, even though production is now being restricted, but there is talk of a major find at Venetia, in the Northern Transvaal, and speculation about the Orange River and offshore Namaqualand. Then there is Botswana again (what else lies beneath the sands of the Kalahari?), not to speak of Brazil, and Australia.

Indeed, what if the world is full of diamonds—or at least, fuller than De Beers thinks, or admits, or wishes? Another Jwaneng just now must surely be Mr Oppenheimer's nightmare.



Graham Lever

Springs

MR HARRY OPPENHEIMER this week announced his retirement at the end of the year from the chairmanship of the Anglo American Corporation, the world's biggest mining group. But in a reference to the crisis in the diamond industry he said that it would not be right "in present circumstances" to step down from the chair of De Beers. He added that the diamond sales position was still very bad but "not getting any worse."

In a carefully-worded definition of the role of De Beers and its Central Selling Organisation, Mr Oppenheimer once said: "Whether this measure of control amounts to a monopoly I would not know, but if it does it is certainly a monopoly of a most unusual kind. There is no one concerned with diamonds, whether as a producer, dealer, cutter, jeweller or customer who does not benefit from it. It protects not only the shareholders of diamond companies but also the miners they employ and the communities that are dependent on their operations."

Men & Matters

Buttoned up

The many detractors of the Social Democratic Party will soon have to stop labelling it the "media party." Secret documents have come my way which show that the SDP regards journalists with the same mixture of fear and loathing as the older political parties do.

The Social Democrats are holding a conference on trade unions tomorrow, which is expected to discuss all the good and sensible measures they will visit upon the unions when they are swept into power.

Trouble is, there are (dare I say it?) tiny little differences of view on the issue. Some, on balance, favour stautory incomes policies: others, on balance, think the idea totally lunatic. Similar divergences on elections of union executives and general secretaries, on the role of Acas and on inter-union disputes are also emerging.

With this in mind, party members interested in union affairs were circulated last month with details of the conference by Ben Stoneham, chairman of Camden SDP. Stoneham's letter contained the following gem: "We felt it was inevitable that the press will attend, so we shoud not attempt to prevent them, but any press reease drawing attention to the conference wi not go out of its way to attract too many."

Since the letter was sent out however, the line of grudging acquiescence in the presence of the Press has given way to a stricter diktat. My reporter who rang the SDP bunker yesterday was told that Press attendance would be limited to the opening speech by William Rodgers, the fraternal delegate from the Gang of Four, who will open the conference. All other sessions—on incomes policy, legal restrictions on union activity, immunities—are closed.

Cynics have long wondered how long it would take the party of fullness and frankness to batten down the hatches. Not long, it seems.

Flying nurses

With the failure of the Right of Reply campaign, trade unions, too, appear to be changing their tactics to get a "fair hearing" in the capitalist Press.

Aiming at the well-known sexism of Fleet Street labour editors, the National Union of Public Employees has selected some of its prettiest and most articulate nurses to form a Fleet Street flying picket.

The nurses — along with NUPE official Jeremy Corbyn — will today be calling on the Sunday Times, the Daily Telegraph and the Daily Express to present their case.

The visit is planned to coincide with today's second 24 hour national stoppage by health service workers but has also been provoked by what a NUPE spokesman describes as anti-NUPE memos emanating from senior management on two quality papers.

NUPE is terrified of a repeat of the roasting it got from the press during the "winter of discontent." The union that organises about 100,000 nurses is also rather miffed at being repeatedly described as the "ancillaries union"—but what irritates it most of all is being squeezed out of the headlines by the Falklands.

Davy's choice

Sir John Buckley, everybody's idea of the upright British gentleman, admits it would have been a suitable seal on Davy Corporation's international ambitions if his successor as chairman had been non-British.

Though the UK Government has chosen Davy to fly the flag in bidding for big international contracts, the group's growth since he became chairman in 1973 has been partially based on its West German and U.S. activities.

But the man who will take over from Buckley in October, it was announced yesterday, is Peter Benson, who retired as chairman of APV Holdings, the Crawley-based specialised process plant makers, two months ago.

Buckley, aged 69, has stayed on longer than he had intended, taking Davy through the acquisition of McKee in the U.S. and fending off the unwelcome bid from Enserch.

But though Benson, at 64, is himself only a year off the normal retiring age, there seems to be no intention to bring him in as a figure-head. He will, like Sir John, be executive chairman.

Though he had a good record at APV, Benson seems to have been selected because none of the three deputy chairmen of Davy McKee, the corporation's contracting heart, has emerged as an automatic choice.

The failure to groom an insider for the succession could prove a drawback for a company which has to fight continually to stay in the international top league where blows like the recent loss of the Indian steel contract have to be borne.

Burmah command

Another change of command at Burmah Oil tomorrow. Chief executive Stanley Wilson, the former Mobil Europe president, who was enlisted in 1975, with chairman Sir Alastair Down from BP, to rescue Burmah from the financial rocks, is retiring.

With Down playing a non-executive role since the group got back on a more even keel in 1980, effective control will now pass to two new executives.

John Maltby, a former Shell man, will become deputy chairman and chief executive, and Campbell Anderson, an Australian who has been on the Burmah Board since 1976, will become managing director.

The contrast between the two is striking—and oil industry interest in their teamwork is likely to be no less intense than it has been over the past seven years in the progress of the Down-Wilson partnership.

Aged 54, Maltby, to many, epitomises the British businessman. Educated at Wellington and Clare College, Cambridge, he worked for Shell in various capacities and parts of the world from 1951 until 1969 when he left to run Panocean Shipping, a company which he built up from scratch and which was later merged with Tate and Lyle shipping interests to become Panocean-Anco.

The 46-year-old Anderson is a more colourful character; big, burly and forthright. He was acquired by Burmah in 1971 along with Reef Oil, the Australian company of which he was managing director.

Since then, Anderson, an economics graduate from Sydney University, has risen through the Burmah management ranks to become executive director with special responsibilities for automotive, industrial, speciality chemicals and engineering interests.

Ivy leaguers

I know that Sir Michael Edwardes has been cutting BL down to size but it comes as a bit of a shock to discover that when the Austin Rover headquarters at Bickenhill, Birmingham, goes up for sale next month, the public relations department will leave the grandly-named International House and set up shop at Coventry in Ivy Cottage.

Observer

Cutty Sark
Scotch Whisky

Quality without compromise.

FINANCIAL TIMES SURVEY

Friday June 4, 1982

International Property

International recession has finally caught up with the property market. The gap between supply and demand of buildings is affecting rents, capital values and the attitude of investors. But, although investors are looking elsewhere to put some of their money, the signs are that their over-riding attitude towards bricks and mortar should remain intact.

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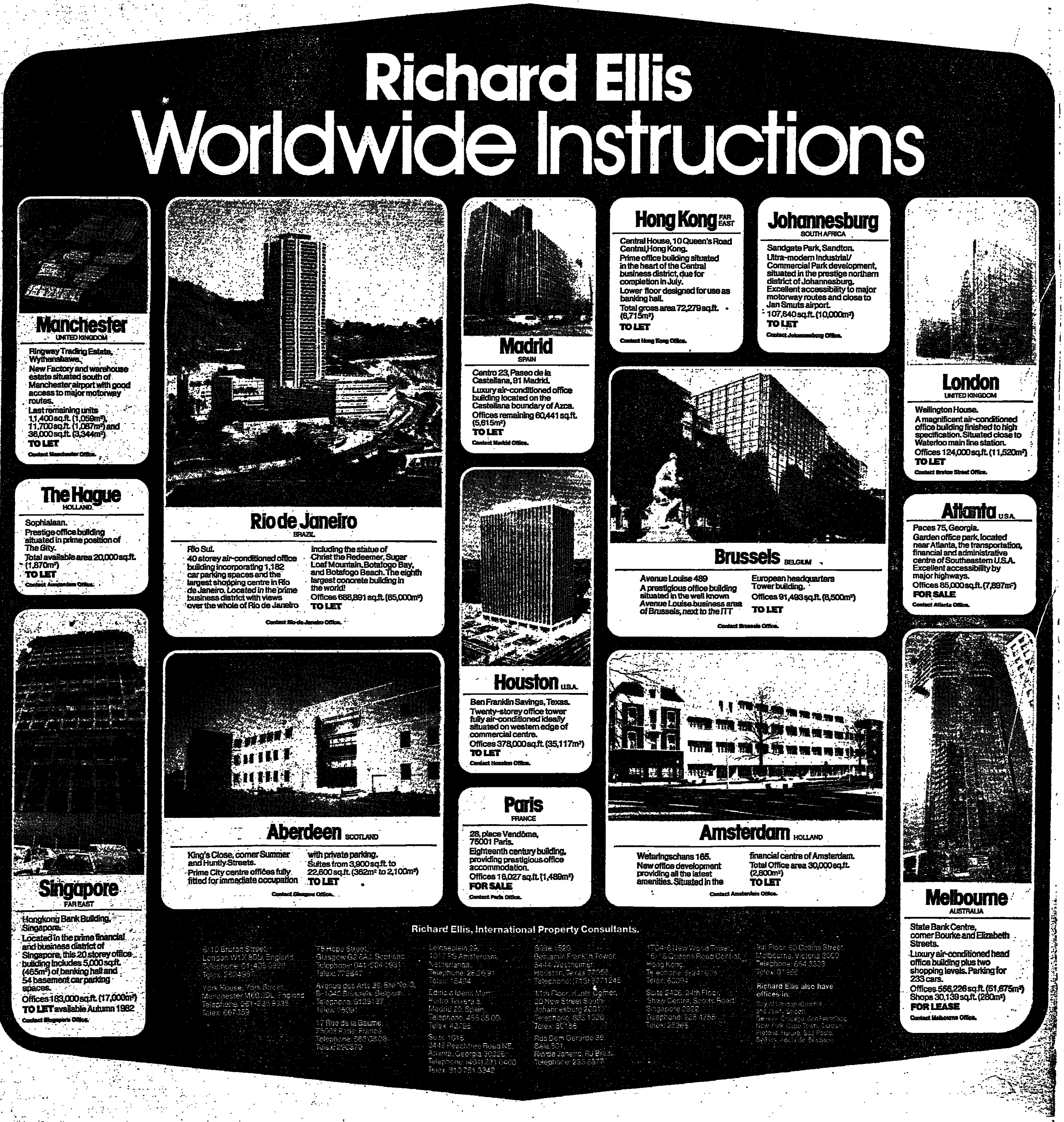
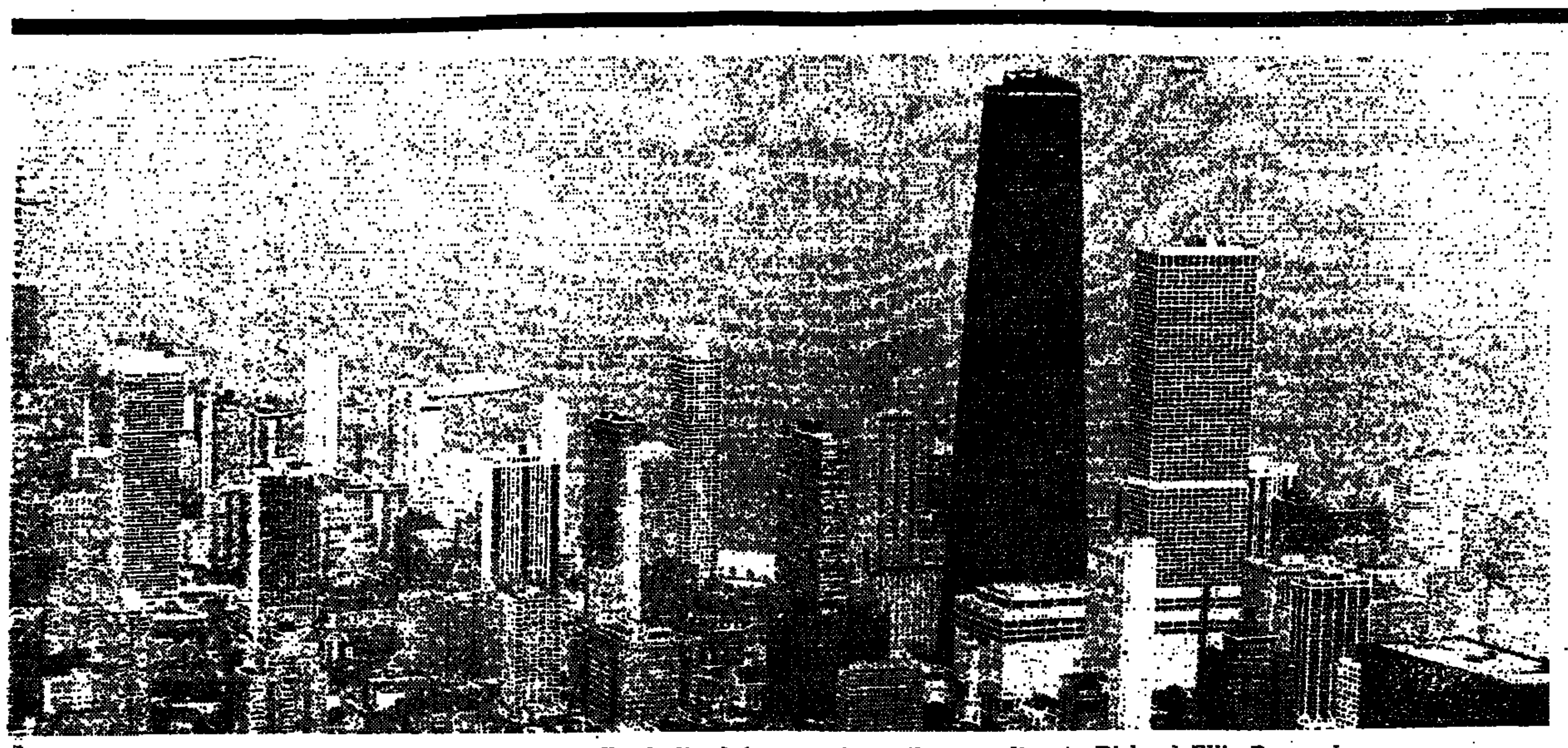
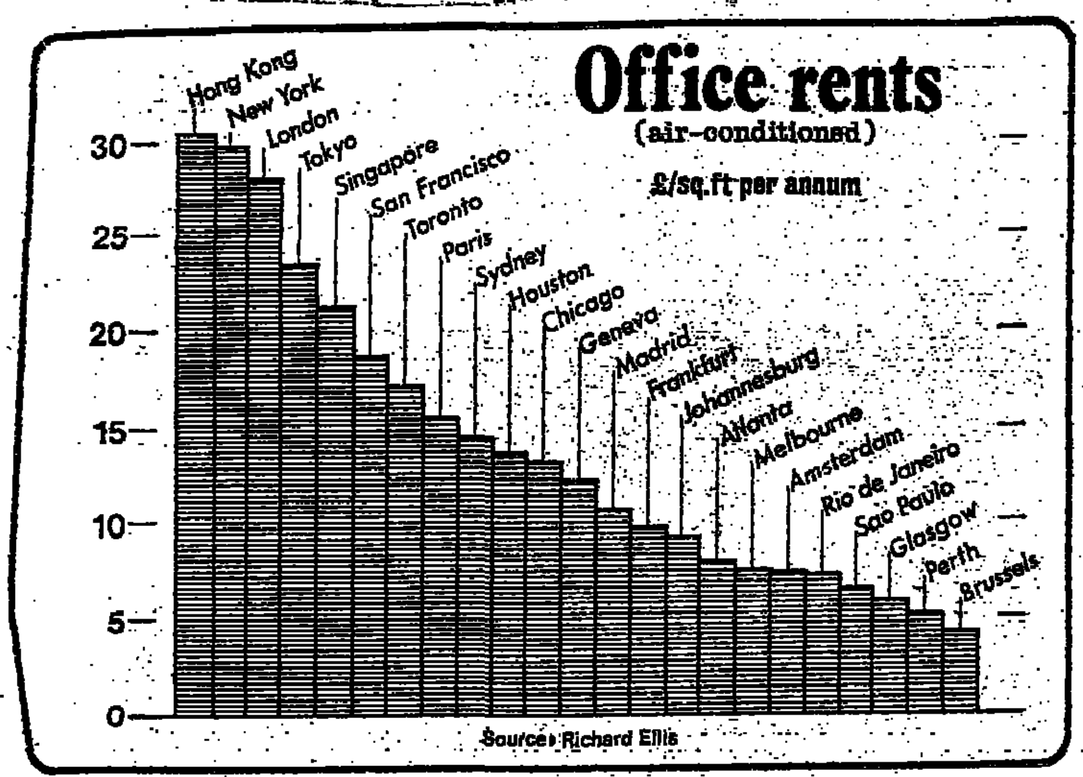
Editorial production: Mike Smith
Design: Philip Hunt





Chicago: rents here have actually declined in recent months according to Richard Ellis Research



Investors reconsider priorities as space demand falls

BY MICHAEL CASSELL

AN EXAMINATION of the world's most important commercial property markets leads to the inescapable conclusion that they have finally been overtaken by the international economic recession.

With few exceptions, the pattern looks broadly the same. Demand for space, on which the market thrives or fails, has been declining in the wake of the worldwide shake-out which has hit domestic and international trade, and thrown space-takers of all types into a period of uncertainty and retrenchment.

The problem is that property development cannot be turned on and off as quickly as boardroom confidence. The resulting gap between supply and demand creates weaknesses which penetrate all aspects of the marketplace, affecting rents, capital values and—just as importantly—the attitudes of those whose investment in property provides the essential flow of working finance.

There has, in some markets, been a perceptible cooling on the part of investors for property, where returns have looked increasingly suspect in relation to alternative forms of investment.

Those who treat property as a serious, long-term investment option are now reconsidering their investment priorities. There is at least some evidence that their previous determination to maintain present exposure levels to property may now soften, though their overriding attitude towards this particular sector should remain intact.

For the person whose perception of property is based solely on its ability to provide a quick profit — the purely speculative operator who trades in buildings as he may trade in any other commodity — the general environment now looks distinctly disadvantageous.

Property traders around the world have found themselves left facing high volumes of empty space and even higher interest rates, with few prospects of being able to overcome their problems in the time-scale which their finances allow. Theirs has been the classic mistake of keeping all eyes on potential profits but losing sight of the state of prevailing demand.

How international property markets are faring, and what sort of medium-term prospects they can expect, depends largely on just how out of touch they had become by the time recessionary forces really began to bite.

Some markets are now left with daunting surpluses of commercial floorspace which represent a legacy of hectic development activity and provide a sobering reminder of the worst manifestations of over-enthusiasm. Those markets which are holding up better under recessionary pressures are those where the supply-demand equation has not strayed too far out of line.

Excesses

It seems clear that, as a result of the differing degrees of oversupply, the speed at which international property markets recover will be largely determined by the excesses into which they were tempted.

The shake-out has, not surprisingly, had a profound effect on the attitudes of investors and tenants towards property. The space user has become more inclined towards taking well-located, modern, high-quality space (though bargain hunters have kept many elements of the secondary market alive and kicking) and to pay more attention to the quality of the landlord.

For their part, investors have again showed themselves even more reluctant to stray from the prime path and to stick to what they know best, even if the initial returns seem a little hard to justify.

The prevailing mood of uncertainty has also affected property investor's approach to the question of cross-border activities. In Europe and parts of the Far East, in particular, investors have been anxious to step up their overseas properties—reflecting both a paucity of domestic opportunities and a natural desire to spread their portfolio risk.

Perhaps the United States provides the best illustration of how the potential investor looking for opportunities can blow hot and cold. The flow of investment finance from several parts of the world into American real estate has been rising sharply over the past two or three years (though it still represents a minor part of total U.S. real estate investment).

By 1981, the allocation of a proportion of investment funds to American commercial property holdings had become a prime objective for many institutional investors, a fashion underpinned by the market's growth potential, long-term stability, attractive yields and the relatively (though rapidly increasing) level of participation by the U.S. institutions themselves.

The rush to invest has encompassed large, small and syndicated investors alike and the targets of their attention have ranged from individual properties to stakes in potentially safer, though less exciting, real estate investment trusts. Property development companies have themselves been scouting around and, in a growing number of cases, taking the plunge.

Now, however, the climate has changed and medium term doubts about the strength of several major U.S. property markets are now being increasingly aired. Investment yields have been rising as the growing band of institutional investors demand higher returns than those available from other investment options.

In some centres, demand for accommodation now well outstrips supply and the prospects for rental growth look poor. Major foreign investors in the American market — drawn largely from Canada, Britain, Holland, West Germany and Japan — are consequently becoming still more cautious.

There are also fears that some of the less experienced overseas investors wishing to establish a U.S. real estate presence may be falling victim to those better acquainted with local conditions, who are, as a result, arranging some highly questionable deals. There is apparently one reasonably sized UK fund which has managed to buy itself a shopping mall but, somehow, left the surrounding car parks out of the transaction.

Questionable

Some developers in the U.S. are being caught out by high interest rates. Schemes have been financed on the basis of open-ended construction loans, with the expectation that interest rates would fall and permanent financing would become available on completion. In the absence of a fall however, some companies are having to make forced sales or forward sell to obtain mixed-rate funding. The net result is that there could be some bargains—as well as bad buys—on the market.

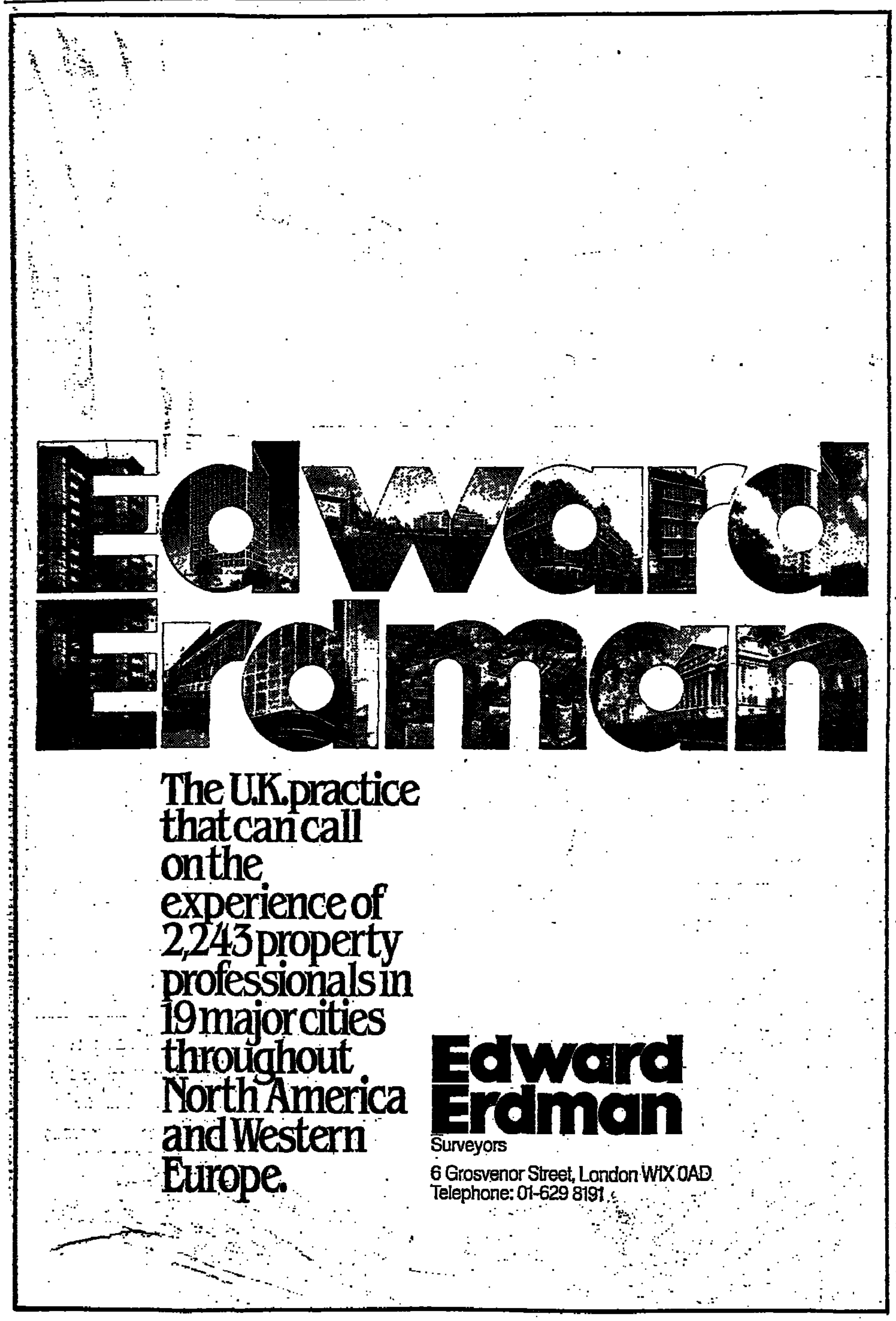
Despite the immediate problems, few people doubt the strength of the American market and that it will continue to represent a major focus for attention on the international property scene.

In the same way, it seems inconceivable that other major centres like London and Hong Kong will not, over the longer term, remain in the forefront of property investment and development activity. It is a measure of the extent of the present international recession that even Hong Kong, one of the world's most volatile but potentially rewarding property markets, is facing substantial difficulties.

The frenetic pace of development, largely inspired by the type of speculative forces that have made Hong Kong what it is, has for the time being created an oversupply which could take several years to *swallow up*. Only those whose *recent investment and development* programmes have been conducted with care and carried out with sensible financing could be around to take advantage of the next upturn (though no doubt a fresh generation of property developers/traders will emerge.

In Europe the general pattern has been one of almost uniform caution, though previous unhappy experiences have ensured that most markets have not found themselves too exposed to space surpluses.

The global picture is likely to remain the same, as long as high interest rates prevail and business confidence remains weak. Commercial property is an integral element of the international economy. Only when the economy resumes a growth path will property's own prospects take a turn for the better.



Inflation and recession in the West hold back confidence

THE LATEST survey of world rental levels produced by Richard Ellis excludes one major office centre which appeared on the firms table last year—Buenos Aires.

Mr John Orton, Ellis research chief, points out however that Buenos Aires was taken out of its selection in January of this year, long before the Argentine invaded the Falklands Islands.

There was no question here of Ellis being jingoistic—or clairvoyant for that matter. Mr David Robinson, who specialises on overseas matters for Richard Ellis, says that the Buenos Aires market has been in a state of chaos since about March 1981, when very substantial devaluations started to occur.

With the peso rate falling between January 1981 and now to about only one-seventh of its starting value against the U.S. dollar, the market was thrown completely. As a result, Ellis sees no definite point of reference in that market to make any statement as to what rents really are.

Currency fluctuations, of course, are a bugbear in making any sort of international analytical comparisons. Still, in South America, Brazil has an inflation rate in excess of 100 per cent per annum, complicated further by local "monetary correction" and externally by cruzeiro devaluation.

What can be said sensibly about Brazil is that between the two main centres, Rio de Janeiro and São Paulo, rents have improved in the latter in relation to Rio. This, says John Orton, is a direct result of oversupply in Rio, whereas in São Paulo the market is in balance.

For the record, however, São Paulo is a market defined by local demand and the apparent rise in local currency terms comes back to about level pegging when the real value of money is considered. Inflation there is such a factor, says David Robinson, that people are "buying rents" as a speculation—renting, letting the property lie vacant, and hoping to sublet at a much higher rent at a later stage.

Currency speculation and its allied options have no need to take such strange paths on the North American continent, especially in Chicago with its financial futures market. The windy city, however, has another claim to fame: after a rise in rents from $20 a square foot in January 1981 to $32 a square foot a year later, Ellis says there has been a decline to $30 per square foot by this May. It is a signal occasion, anywhere, when surveyors will admit that prime rents are actually going down.

As usual, the reasons are strictly conventional. There is oversupply now in Chicago and the accommodation market is beginning to soften.

Putting this in perspective, the U.S. office market has had a lot of rental growth to absorb in recent years. New York has seen levels more than doubling, from $29 to $60 a square foot since January 1980. The same applies to Chicago and San Francisco.

Ellis note that rental performance in Europe and North America has been hit by the recession, whereas it has gone extremely well in South East Asia and Australia where the Pacific Basin economies have performed well.

Prime returns in Hong Kong they say, rose 60 per cent in the two years to this January while in Sydney the rise was two-thirds. In some other areas, Ellis is inclined to caution on the interpretation of the figures. One reason for producing a report like this is to inform potential investors but, as John Orton emphasises, an investment market needs an accommodation market as a base.

In Tokyo, Ellis note, only a small proportion of offices is rented. Owner-occupation is the norm and, where space is rented, landlords have invariably required a very substantial deposit in addition to rent. In this situation, they say, a market in office accommodation is only just emerging and a view on rental levels and occupancy costs is "very approximate."

In Hong Kong, the market exists and thrives—or does it? Observers say that the property market there is now facing a major test of nerve. Factors which suggest that an unprecedented real estate development boom is running out of steam include high interest rates, a downturn in the local and national economies and a rising oversupply of space as a result of speculative development.

World rental levels

WILLIAM COCHRANE

In local currency terms, Ellis say rents have stood still between January and May of this year, significant itself in a market so mercurial. Recent visitors to the scene say that rents have come to a near or actual standstill for most types of property in most areas.

Residential property is an important part of the Hong Kong real estate market and rents there are estimated to have fallen by 20 to 30 per cent from the over-ambitious levels which developers had set.

In Europe, meanwhile, the theme of recession is widespread. Reflecting this, rentals have been virtually static even in the recently more popular centres, say Ellis. They instance Madrid, where rents doubled from Ptas 750 to Ptas 1,500 in the past six years but have now levelled off.

At the other end of the scale is the Brussels lettings market, dominated by British estate agents who have regularly forecast that rents and property values, having languished during the middle and late 1970s, are poised to enjoy a period of solid growth. Here, at least, there is some evidence for hoping that the cycle has come to an end.

In England and Wales, there have been quite diverse patterns of rents between central and peripheral areas. These differences have become more marked in recent years. Observers take the view that this diversity will be a continuing feature of the market as the UK economy shifts out of bottom gear.

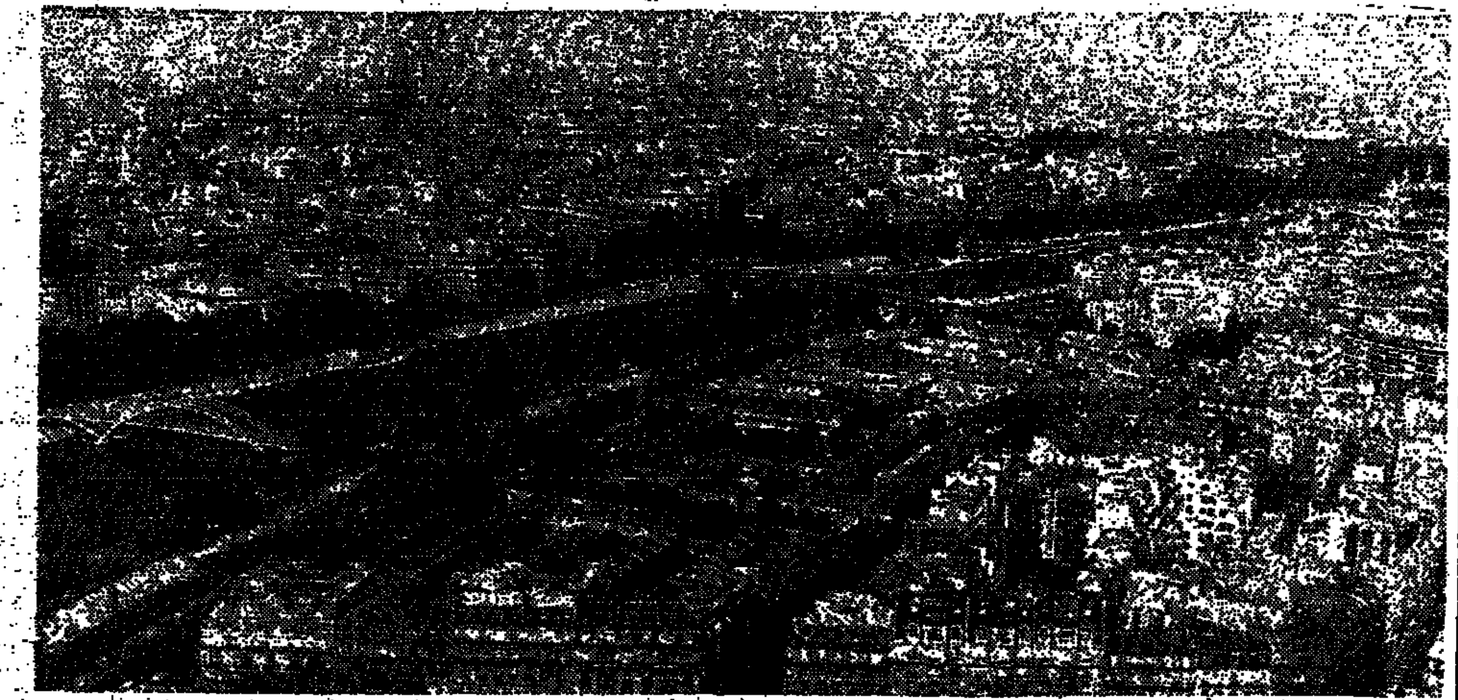
WORLD OFFICE RENTAL LEVELS

(£s per square foot pa)

	Suite of 5,000 sq ft. Highest standard with air conditioning	Suite of 5,000 sq ft. Reasonable standard	Additional charge for services %	Additional charge for rates/property tax %	Period of rent review	Indexation
London	£28.00	£17.00	15	55	5 years	None
Glasgow	£6.00	£5.00	20	65	5 years	None
Brussels	£4.25	£3.62	30	15	3 years	Annual
Paris	£15.53	£11.99	20	5	3 years	Annual
Amsterdam	£7.52	£5.37	20	0.5	5 years	Annual
Frankfurt	£9.70	£6.24	20	—	5/10 years	Annual
Madrid	£10.55	£7.01	15	2	3 years	Annual
Geneva	£12.17	£9.39	10	—	3/5/10 years	Annual
New York	£29.89	£20.00	10	10	5 years	None
Chicago	£13.07	£8.08	20	10	5 years	None
Atlanta	£8.07	£5.85	20	7	5 years	None
San Francisco	£18.38	£11.91	12.5	5	5 years	None
Houston	£13.70	£12.05	15	5	5 years	None
Toronto	£17.12	£11.56	—	—	5 years	None
Sao Paulo	£6.59	£4.07	30	5	5 years	Half yearly
Rio de Janeiro	£7.50	£4.04	30	5	5 years	Half yearly
Singapore	£21.06	£15.26	10	25	3 years	None
Hong Kong	£30.58	£18.41	10	10	3 years	None
Tokyo	£23.31	£13.99	—	—	2 years	None
Johannesburg	£9.24	£6.93	15	Not quantifiable	5 years	Escalation 8½% pa
Melbourne	£7.76	£5.76	20	10	3 years	None
Sydney	£14.41	£8.32	15	5	3 years	None
Perth	£5.05	£4.12	20	12.5	3 years	None

Source: Richard Ellis Research.

INTERNATIONAL PROPERTY III



Paris: limited space and increasing rents are likely to force companies to leave the centre in future

Rental prospects look brighter in Paris

France

MICHAEL PARROTT

WITH ONLY 351,000 square metres of new and refurbished office space of any size immediately available in the Paris region at the beginning of this year compared to over 1m six years ago and only 85,000 sq metres of such space due to be completed in 1982 outside the La Defense business complex, rental prospects on the Paris market look bright. In recent years demand for such space has recently been running at about 300,000 sq metres a year.

According to the French body Institut d'Amenagement et d'Urbanisme de Region d'Ile-de-France (IAURIF), there was only 34,000 sq metres of new office space in central Paris at the beginning of this year and only 60,000 in the Hauts-de-Seine where La Defense is situated. In the city centre it is now almost impossible to find any offices covering more than 2,000 sq metres and, although another 500,000 sq metres are still due for completion at La Defense, only a third is now left for sale or letting.

Such a tightening might be expected to drive up rentals, open up new opportunities in the suburbs and the new towns and attract new investors, but the arrival of a socialist government and high interest rates hit what had been until then a fairly buoyant market.

In the letting market many companies postponed decisions until the situation became clearer, while investors adopted a more cautious stance. Many foreigners pulled out altogether, insurance companies went for high-interest bonds rather than property and some pension funds felt they should keep some of their funds liquid.

But industry cannot put off decisions indefinitely. Companies that are expanding need bigger premises, those that are doing badly will be looking for lower rents—rationalisation programmes often involve office movements. According to Jean-Claude Bourdais, of Societe Bourdais, it was this climate of change within French industry which assured that in the end the Paris letting market was even more active than in 1981, itself the best year since 1976. Bourdais, who includes office space of under 1,000 sq metres in his figures as well as space which is not immediately available, claims 775,000 sq metres was marketed in the Paris region last year compared to 725,000 the year before.

Mr Stephen Spratt of Richard Ellis agrees that the agency market is going well and claims to be doing even better this year than last. But he finds the investment market is still not up to the pre-election levels, even if it is better than it was six months ago.

According to Bourdais, the investment market has only just started picking up, though people are trying to obtain slightly higher yields. "Whereas two months ago, investment activity was only about 15 per cent of what it was before the elections, it is now back to around 35 per cent," he claims. If foreign investors remain wary of entering the market because of a possible Franc devaluation, institutions are cautiously moving back into property. Among them are the recently nationalised banks such as Paribas and Suez, which are very strong in the property field.

As an indication of the pick up in the market, Mr Spratt cites a building in Place Vendome, being marketed by Richard Ellis and Jones Lang Wootton, which looks like getting a good price, and recent deals in the new towns.

Mr Robert Lipscomb of Jones Lang Wootton, who also claims to be "busier than ever," believes the new towns are the only places where one can really develop now. After citing Credit Agricole's decision to move its headquarters to St Quentin-en-Eyrelines, he notes that his company is working on a 20,000 sq metres new town project.

A sign of how easy it is to let high quality accommodation in central areas has been Weatherall's success in letting the Elysees 26 offices in the Champs Elysees at rents of as much as FFr 1,900 (£175) a sq metre. All the shops and two-thirds of the offices have now been let.

Even at La Defense the latest office space coming on to the market is fetching as much as FFr 1,250 a sq metre. According to Mr Spratt, only about 30,000 sq metres is now available for letting or sale out of around 200,000 sq metres due to be completed during the next two years; of the remaining 325,000 square metres, only 140,000 will be available. "Rents for the original tower blocks are around FFr 700 but you have to add another FFr 400 for services. The new buildings fetch FFr 950 or more but services are only around FFr 200."

In so far as companies will now be increasingly obliged to leave the centre of Paris and the western suburbs, because of the limited availability of space, the difficulty of obtaining the necessary permits and the anticipated rise in rents, the question is whether they will now move to the less favoured suburbs, to the new towns or even to the provinces.

If last year is any indication, the new towns look like doing better than areas such as Seine Saint-Denis with a record 54,000 sq metres of space marketed compared to only 23,000 and only 59,000 still available compared to 138,000.

Until recently Evry and Marne la Bailee were doing much less well than St Quentin and Cergy Pontoise but there are signs that even the less favoured new towns are now attracting interest.

The Government is hoping to switch demand towards the eastern suburbs by sharply raising the development tax on schemes to the west but it is doubtful whether this will be enough to compensate higher company taxes, poor transport systems and the reluctance of management to commute eastwards.

Estate agents are expecting to obtain a sharp increase in demand for office space in the Paris region as a result of the Government's decision to hire more civil servants and reorganise ministries. The reduction of the working week and earlier retirement can also only lead to greater office requirements in general.

How much of this extra office demand will occur in the Paris region depends on how successful the Government is in pushing through its ambitious decentralisation policy. If the provinces really do assume some of the responsibilities currently enjoyed by the capital, the provincial office market could at last take off.

PARIS-PRIME OFFICE RENTS AND YIELDS

	FFr per sq metre	Yields
1972	850	8
1973	875	7.5
1974	900	8.5
1975	950	8.5
1976	950	8.5
1977	950	8.0
1978	950	7.5
1979	1000	7.0
1980	1100	6.25
1981	1200	5.50
1982	1300	6.25

Source: Jones, Lang Wootton

Price recovery brings bloom to estate agents' cheeks

Netherlands

WALTER ELLIS

DUTCH PROPERTY developers have something to smile about this year. A stabilisation of prices has at last arrived and there are even signs of a modest, if patchy, advance.

Last year the economic recession, accompanied by falling productivity, a weakening in consumer expenditure and a lower level of commercial investment, led to a reduction in demand by potential renters. Today, although the recession is, if anything, deeper, some of the slack has been taken up and there has been a revival of interest in the more attractive developments.

Capital values have begun to move upwards again, aided by a fall in interest rates, and clients are once more sniffing out bargains.

Amsterdam, traditionally the heart of Dutch banking and insurance, has not yet given way completely to its projected melange of cafe society and squatters. The Hague's city centre now commands the highest rents in Holland. Rotterdam is recovering from the office glut of the 1970s. And Utrecht, slap in the middle of the Randstad, is on the verge of a boom.

It should not be imagined, as a result of this improvement, that all is now rosy in the garden. But at least there is a bloom in the estate agents' cheeks again and there are indications of a real return on investment.

Amsterdam's position is least changed. The centre of the city, bounded by the inner ring of canals, continues to decline in terms of office rentals. Parking is now a dilemma and squatters are maintaining their predatory watch on all vacant buildings.

The decline has, however, been slowed by the recession, which, ironically, has obliged major banks, like AMRO, to postpone or abandon their plans for an expensive move to the suburbs.

Gradually, however, the transition is being made, leaving one of Europe's most beautiful urban centres at risk of molestation or—just possibly—open to sensible refurbishment for use by its underhoused inhabitants.

Elsewhere in the city, the picture is brighter, with major developments taking place in smart suburbs like Buitenveldert and Zuid Amsterdam and in the technically separate borough of Amstelveen. Rents in Buitenveldert are now as much as Fl 257 (£59) per sq m and supplies of new offices are limited, causing prices to rise. This compares with rents between Fl 220 and Fl 250 per sq m in the centre, which nevertheless can still hit the Fl 300 mark for prime sites in the Wetering Schans development. This scheme is being managed by Gooch and Wagstaff.

One of the most impressive developments of all—managed by Jones Lang Wootton and Jacobus Recourt—is the Holendracht Centre in south-east Amsterdam. This 30,000 sq m project, owned by Westland Utrecht, is due for completion in June and has some of the *most sophisticated facilities this* side of the Atlantic.

One of its intriguing features, drawing architects and potential renters from all over Europe, is the computerised energy control system, which permits each unit to be separately heated and cooled, with centralised monitoring of energy use and costs.

It is understood that one of the big Dutch banks will be a prime client here. Even the Dutch Central Bank has expressed interest.

In Rotterdam, the problem has been to rent out the enormous volume of office space created by the building boom of the 1970s. Two years ago, the city authorities ruled that no further offices could be built in the city before 1985 and gradually the excess has been whittled down so that today there are even indications of a shortage beginning. Oil companies, multinationals and shippers continue to prefer Rotterdam as a base and prices here too are showing long-awaited signs of movement.

One problem with Rotterdam has been the high cost of protecting empty buildings. Squatters are a problem in the world's largest port-city and developers have spent large sums of money in the past two years keeping their buildings free from unlawful occupation. They will want at least some of this money back in rent.

Possibly the most lucrative location of all at present is The Hague — a dull city but with a certain elegance and possessing the most potent commercial attraction of all: Government.

Rents in the centre of The Hague are the most costly in the Netherlands. They exceed Fl 350 per square metre for favoured sites. The fact that the Government is now renting more space than it is building for its own activities helps, as does the postponement of many planned withdrawals of major ministries to the provinces.

In the suburbs of the city, one complex, to be built for Shell, will have a total capacity of 80,000 sq m, half of which is to be rented out by Jones Lang and Wootton.

Coming up fastest of all is Utrecht, a stately town with little of the social unrest of Amsterdam and more lively than The Hague. Some analysts think it could be the most interesting market of all within five years or so, and rents in the area have already reached Fl 350 per sq m.

Utrecht is in the middle of industrial Holland, close to the other three big centres and to Schiphol airport. It could well prove the location of the future.

Elsewhere, Eindhoven (home of Philips), Diemen and Almere (both near Amsterdam) and Haarlem are active markets. The Netherlands' excellent communications making few sites truly remote.

While prices are steady in most cases and rising in some, the present mini-boom in construction could come to an end next year if the Government goes ahead with a mooted withdrawal of premiums for building and refurbishment.

Interest rates are expected to fall again soon, and mortgage rates are down to 10 per cent after recent levels of as much as 15 per cent. If finance becomes readily available only for supplies to dry up, rents could hit the roof. That might bring a glint to the estate agents' eyes but it would do little to stabilise commercial costs.

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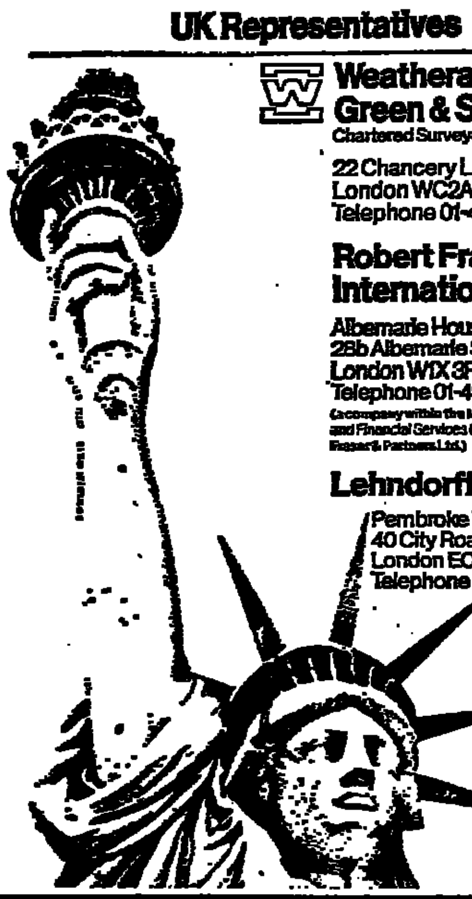

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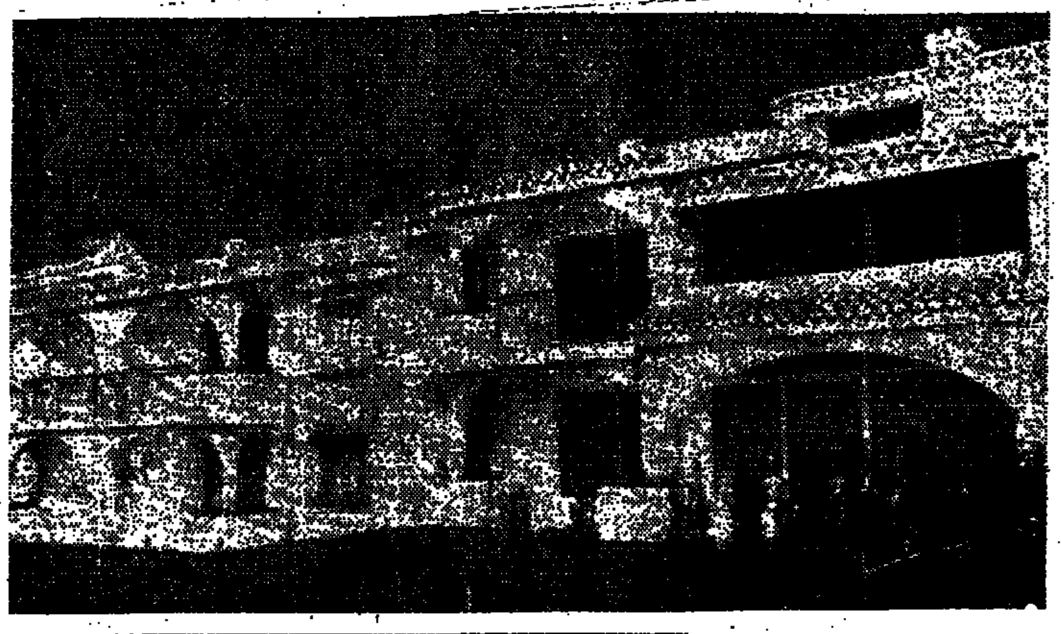
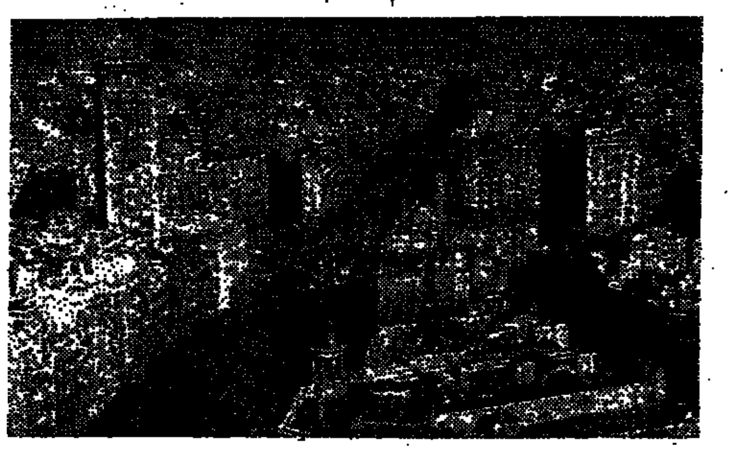
Overseas investors still shy in Madrid





Above: holiday property such as this—offered by Malvern Overseas Properties — is one of the few sectors in Spanish property which attracts substantial investment from abroad. Left: Barcelona, where Heron, the British company, is building its second Spanish office development and is believed to be planning its third.

THE MADRID office market has held few attractions for international investors. Signboards outside the capital's main office buildings may display most of the internationally famous names of commerce and finance but the landlords of the buildings are ostensibly Spanish.

Long-term property investors remain suspicious of Spain's fledgeling and fragile democracy—put to the test as recently as February last year when a group of senior army officers staged an attempted coup.

The failure of the coup was largely due to the intervention of King Juan Carlos, who, with great skill and determination, has guided Spain's tentative steps towards democracy in the six years since Franco's death. The fact that the coup was attempted, however, reflects the deep divide that remains in Spanish politics and which continues to threaten the country's economic stability.

It is not surprising therefore that international investment has not featured strongly in the developments of the Spanish property market—apart from in the successful hotel and leisure sector. The impact of the property crash in the mid-1970s has also dissuaded new overseas investment in commercial property.

One of the few British developers to venture into the Spanish office market has been Bovis. The company last year sold its 97,000 sq ft office building in Jose Abascal in the centre of Madrid for Pta 850m. The block, acquired by Bovis in 1974 was bought by Mutua Madrileña Automovilista, a Spanish insurance company.

Other British companies with experience of office investment and development in Spain are Chesterfield-Ronson, Guardian Properties and Heron.

Heron is the largest of the remaining British investors in the Spanish office market. It has a 9,000 sq metres office block in Madrid's Paseo de Castellana. When completed in 1975 the building was let at Pta 750 per square metre per month. Today the building would command a top market rent of Pta 1,550 per square metre per month.

Last year Heron started work on its second office development in Spain: a 10,500 sq metres building in Barcelona. The group is also believed to have plans for a 25,000 sq metre office development in Barcelona.

Heron's Madrid office block occupies a prime position in the capital's main office area. According to British estate agents Richard Ellis, top office rents in this area have risen since January 1979 from Pta 1,200 per square metre per month to Pta 1,550 per square metre per month.

Elsewhere rental growth recently has been generally sluggish, reflecting a difficult economic climate. Outside the main office district, top rents generally range between Pta 1,000 and Pta 1,200 per sq metre per month. Rents for top properties to the east of the city, and towards the airport, are no higher than Pta 800 per sq metre per month.

Ellis say that in a number of areas 1981 was not a good year for rental growth. They say demand for less-than-prime investments substantially reduced in the face of better terms available from rival investment vehicles, particularly since "recent liberalisation in the rates of interest that banks may offer to their depositors."

As a result investment yields of well over 10 per cent are being sought on secondary property investments. Yields for prime investments, however, start at 7.5 per cent say Ellis.

The agents estimate that Madrid's total stock of offices rose last year from 2.5m sq metres to 2.86m sq metres. Of this, 350,000 sq metres was either for sale, to let or under construction. This compares with a take-up of office space estimated at around 115,000 sq metres during 1981.

Spain
ANDREW TAYLOR

Richard Ellis adds: "We expect the demand/supply curve to remain steady until 1983, after which we would expect to see a reduction in the meterage available.

"There has been little growth in prices and demand as a result of the difficult economic climate, while the amount of accommodation under construction has fallen substantially. As a result we expect to see a better balance between supply and demand and in consequence an improvment in prices as from 1983."

However, it may be some time before international property speculators may be expected to take heart from an improving property climate in Madrid. They will need to see much greater stability in the national economic and political climate before risking large sums in new development.

Brussels slowly emerges from overcapacity

THE BELGIUM property market carries a low priority on the shopping lists of international investors. It is a market that promised much only to disapopint badly.

Prospects for the commercial property market have to be seen against a background of mounting national political and economic problems which have worsened throughout the late 1970s and early 1980s.

A massive surplus of office space, a legacy of the early 1970s building boom which swept across western Europe, has in recent years given prospective tenants in the main Brussels office market a wide choice of accommodation. Rents and capital values have stagnated.

Only recently have shortages of prime large new office buildings begun to appear in Brussels as oversupply has been taken up. But recovery is far from complete. International investors are unlikely to be tempted back into this market while serious doubts remain about Belgium's political and economic stability.

A recent report on the Belgium economy by the Paris based Organisation for Economic Cooperation and Development spoke of some of the "most disquieting results in the OECD area in 1981."

A series of austerity measures have recently been introduced by the new Government under Prime Minister Mr Wilfried Martens in a bid to halt the country's downward economic slide. The OECD, which has given a guarded welcome to the new economic package, does not however exaggerate the difficulties facing the four-month-old centre right coalition Government.

The key moves introduced earlier this year include:

- An 8.5 per cent devaluation of the Belgian franc.
- Changes in the traditional system of linking pay increases directly to rises in the cost of living—with the aim of reducing real wages this year by about 3 per cent.
- Plans to reduce public expenditure by about BFr 112.5bn (£1.4bn).
- A partial price freeze on many goods and services.
- Reductions in industry's energy costs by about BFr 3.3bn (£40m).
- Various tax concessions designed to reduce industries' costs including a two year reduction in value added tax from 17 per cent to 6 per cent for the building of new houses and for the modernisation of existing homes.

One of the most important of these measures is the partial de-indexation of wage increases. The OECD has said that this scheme should be extended into 1983. Such a move, however, would seem likely to prompt strong reactions from Belgium's trade unions.

While Belgium has some of the lowest property costs, in terms of commercial rents, of any major European economy, its high labour costs have been a distinct disadvantage in the international investment market and has inhibited tenant demand.

Two years ago Richard Ellis, British estate agents and chartered surveyors, estimated that one in 10 large foreign enterprises in Belgium had halted operations during the five years to 1979. This situation, which has largely affected the industrial sector, will not have improved since then.

Belgium
ANDREW TAYLOR

In this climate it is not surprising that the Belgian property scene has held few attractions for international investors. Even the Dutch pension funds, until recently fairly active in Belgian property development, have deserted the market in recent months. As a result risk capital for new speculative industrial and commercial development has become even harder to find.

The Dutch funds—like their British counterparts — have showed more inclination to put their money into the North American property market. They believe their investments will be more secure there and will in the longer term earn a greater return.

Given the wide gap between building costs and the low rates of return currently available on Belgian property, it is not surprising that new building is at a low ebb. The restricted level of new investment in property is likely to continue to be dominated by local Belgian institutions.

Nonetheless there are some positive things to say about the main Brussels office market. A recent study by British agents Jones Lang Wootton and the Université Catholique de Louvain illustrates how the city's stock of empty offices has gradually reduced. New large space is in increasingly short supply.

At the end of 1980 it was estimated that there was approximately 148,000 sq metres of new office accommodation vacant and available in Brussels. By the end of last year this total had reduced to 57,000 sq metres.

Some of this reduction however reflects the movement of tenants from older accommodation to better quality space. This steady movement of tenants shifting around from building to building has distorted letting trends.

This is reflected in the JLW/UCL survey which says that while the amount of new space on the market fell last year the total of empty second hand offices rose from 286,000 sq metres to 327,000 sq metres in 1981.

JLW stress however that the long term fundamentals which determine progress in the property market — the balance between supply and demand — are more soundly based than for many years.

The agents say that rents at the top end of the market for the very best space have been rising steadily if undramatically and now look set to break through the BFr 4000 per sq metre barrier compared with the previous peak of BFr 3,750 per sq metres in 1973.

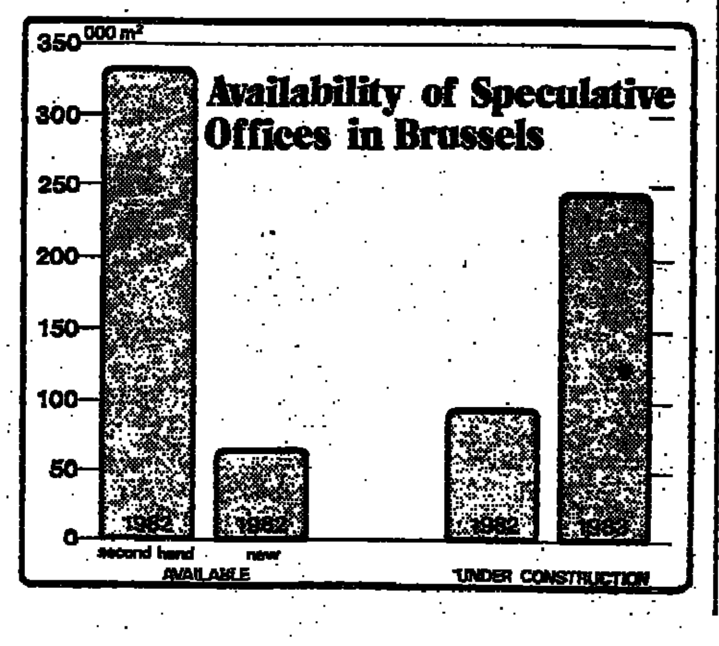
In their latest report the agents say: "Very few possibilities now exist for medium or large units of accommodation and this has led to a shortage in the main business district of the Quartier Leopold.

"As few new buildings will come on to the market in the foreseeable future the pressure on this type of accommodation will increase and almost certainly lead to an acceleration in the increasing rents which are now starting to be in evidence."

The agents may be right that there is light at the end of the tunnel but the view is rather obscured by problems facing Belgium's economy. Certainly a number of British investors which in the last 12 months finally extracated themselves from the Brussels property market are unlikely to make a quick return.

RENTAL EVALUATION

	BF per sq m
1970	2,250-2,500
1971	2,250-2,750
1972	2,750-3,250
1973	3,000-3,750
1974	3,000-3,500
1975	2,750-3,500
1976	2,500-3,000
1977	2,500-3,000
1978	2,750-3,000
1979	2,750-3,500
1980	3,000-3,750
1981	3,000-3,900



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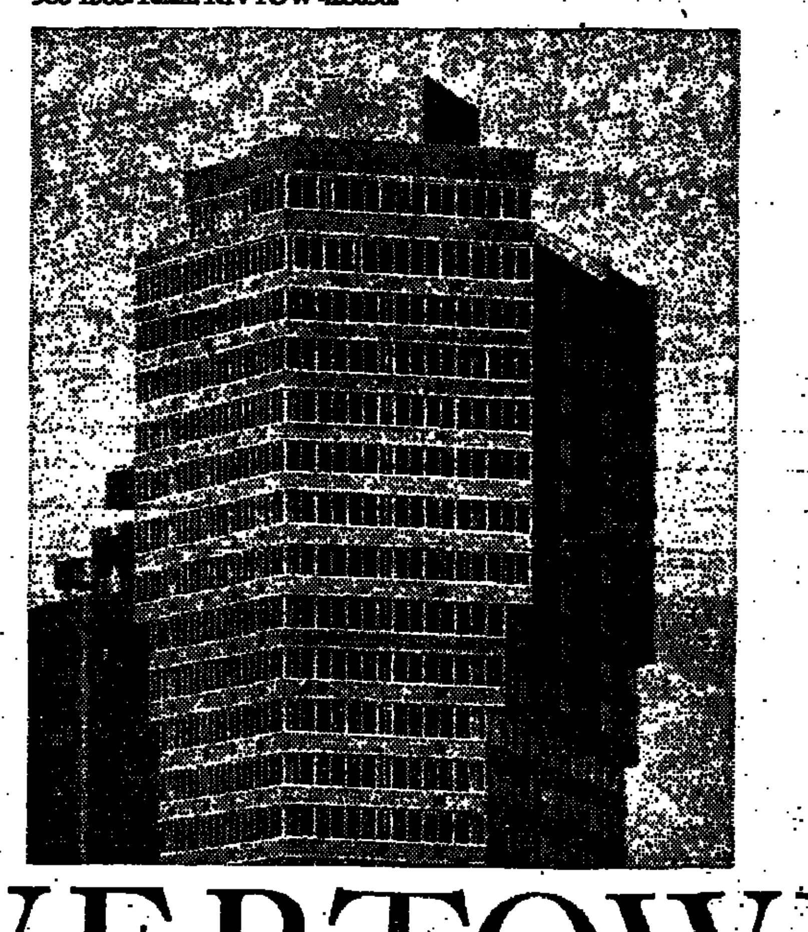

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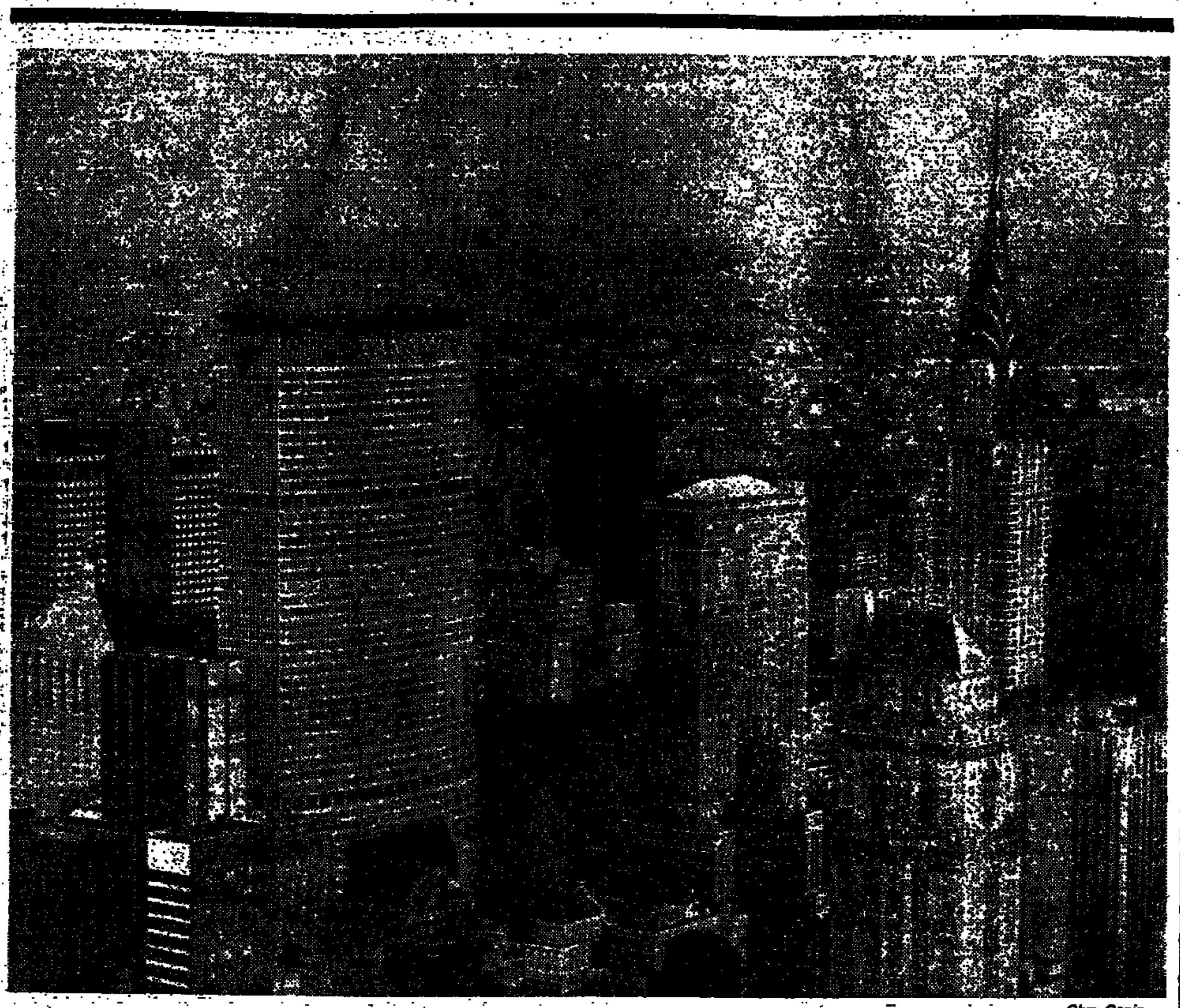


Glyn Genin

The Pan Am building, which was sold for a record $400m, and the Chrysler spire (right) in midtown Manhattan. Property prices and yields have now begun to level out or even fall.

Paying the penalty of high interest rates

United States

DAVID LASCELLES

AFTER FOUR hectic years of soaring values and rents — culminating in the sale of the Pan Am building for a record $400m — the U.S. property market has come face to face with the unpleasant truth that good times cannot last for ever. Since the second half of last year, prices and yields have begun to level out or even fall, though deals have often been structured to disguise this fact.

The downturn can be hard to discern. Most major U.S. cities still bristle with cranes. Gleaming new office blocks sprout skyward and out in the suburbs factories grow in well-manicured industrial estates.

But this is the lagging testimony of projects that were put together in the boom years and are only now reaching fruition. The number of new projects being commissioned has fallen off sharply. According to F. W. Dodge, the New York research company which compiles statistics on building activity, construction plunged last year, hitting bottom in mid-summer but not showing much sign of recovery since.

The Dodge Index, in which 1977 equals 100, fell from 128 to 99, and by this March had only made it back to 101. Within property, housing has been by far the weakest, with non-residential construction holding up a bit better.

The single biggest culprit for the fall has been interest rates which were at record levels for most of last year and have only fallen slightly since then. The prime rate, a crucial component of building costs, hit 21½ per cent and has recently steadied in the 16-17 per cent range. In practice, most builders must pay several percentage points more than this.

However the cost of finance has been only part of the problem. High interest rates have also squeezed the traditional mortgage makers to the point where many are now pulling out of the market—so the availability of finance has become a problem too.

Increasingly the trend is away from debt financing to equity financing and this has ensured that funds—albeit of a different kind—continue to flow. Pension funds, insurance companies and foreign investors now habitually take large stakes in real estate projects, though developers and brokers report that they have become a little more reticent in the last few months because of the softness of the market.

"Everyone likes to maintain the pretence that they are in the market because they want to see the deals. But many are really on the sidelines at the moment," says Mr Earl Reiss, president of Douglas Elliman Knight Frank, the New York real estate firm. Mr Reiss says values started to level off before Christmas because the supply of new properties was not being absorbed so fast.

Similarly, the partnerships—public and private—that boomed in the 1970s to invest in real estate are now proliferating at a somewhat less hectic rate, though real estate finance experts believe they have become an important part of the scene and will continue to grow and prosper once the market recovers.

The problems of financing real estate—even for those who already own it—were graphically underlined by recent deals in New York, still the largest market in the U.S. General Motors, which is based in Detroit but owns a new skyscraper in mid-town Manhattan, decided to try and cash in on the New York property boom by selling. It found it was too late. So instead it put together a complicated deal to extract its equity.

GM granted an option to Corporate Property Investors, an investment group which included Kuwaiti participation, to buy its building for at least $500m in 10 years' time in exchange for what amounts to a cheap mortgage (10 per cent against the going rate of at least 15 per cent). For GM, the deal puts cash in its hand, while the investors get first shot at a prime piece of real estate.

Similarly the owners of Rockefeller Center, the largest property in Manhattan, reached an agreement with the Prudential Insurance Company to refinance part of the property—again with an option to buy at the end.

The effect of the slowing in the property boom has been to make investors more choosy about yields to compensate for the smaller expected capital appreciation.

PRIME OFFICE RENTS ($ sq. ft.)

	1982	1981	1980
New York—Midtown	45-48	43	40
New York—Downtown	33-35	26	14
Los Angeles—Downtown	28-32	24	20
Chicago—Downtown	22-27	19.50	16
Houston—Downtown	22-27	19	16

Source: Jones Laing Wootton.

Whereas 7 per cent was considered a respectable yield at a time when values were soaring by double digits every year, investors are now seeking double digit yields. "People are looking for 10 per cent or more," said an investment official at a large U.S. insurance company which has sharply increased its real estate portfolio since the mid-1970s.

The softening of the property market has not been uniform across the U.S. of course. The market may be topping out in the "smokestack" cities but there are still signs of life in New York, the Sunbelt and California. According to Jones, Lang, Wootton, vacancies are near zero in San Francisco where rents are creeping up towards $40 a sq ft for prime new space. In Los Angeles, vacancies are less than 1 per cent, the firm says, with rents topping $34 a sq ft. Demand is also strong in Texas.

In New York, the Canadian firm of Olympia and York has also just embarked on its huge Battery Park City project, a six-building commercial development on reclaimed land in the Hudson River near Wall Street. Although some people have questioned whether this is the moment to launch such an immense undertaking in the less fashionable part of town, O and Y scored a big coup by signing up American Express as major tenants. The charge card company signed a 35-year lease worth over $2bn on a 51-floor tower at a price believed to be in the $95 a sq ft range.

However, some real estate experts believe that New York and other boom cities will also experience softening soon because expensive space is coming on to the market at a rate which cannot be fully absorbed during an economic recession.

The astronomical levels to which property prices have been driven by the 1970s boom in the big cities has prompted some investors to turn to second tier markets. The deals there may be smaller and less glamorous but the yields are as a rule higher.

A recent report by Robert, Charles, Lesser and Co, a real estate consulting firm, predicted that the most active areas of commercial development this year would be Denver, San Antonio, Tulsa, Oklahoma City, Seattle, Tampa, Mobile and Tucson. Other cities that have been named include Salt Lake, Nashville and Tampa.

Real estate developers expect the flow of foreign investment to become an increasingly prominent factor in the market. This is taking many forms. Foreign pension funds, like the British Coal Miners', have made direct investments or bought real estate investment trusts. Foreign private investment has also been strong, fostering a teeming industry of consultants and advisers.

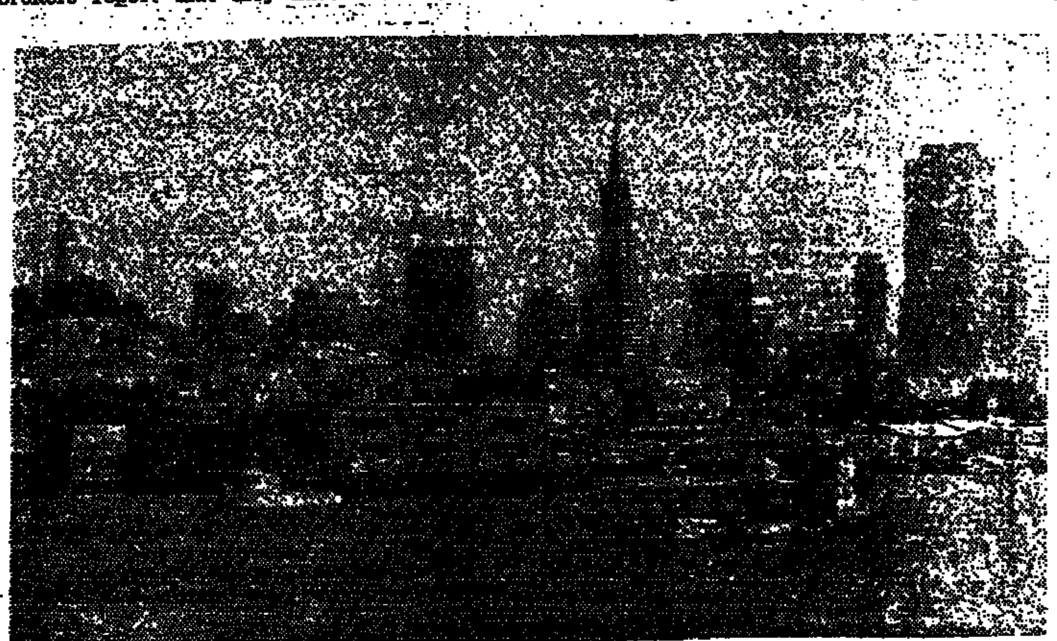
Far Eastern investors have been busy, mainly on the west coast. Investors from Singapore and Hong Kong are said to be especially active in high rise investment, a field they know a lot about because of the shortage of space in their home territories.

Foreign investment does not appear to have been affected in any major way by a 1980 law designed to make foreign purchasers of U.S. real estate liable to capital gains tax. Although an attempt has been made to tighten up the law, tax accountants still seem to be able to find ways of avoiding it.

The question on everybody's mind is how long will the downturn last? Brokers, as is their custom, are optimistic that demand will soon catch up with supply and start exerting upward pressure on values and rents again, particularly if the pace of construction remains flat.

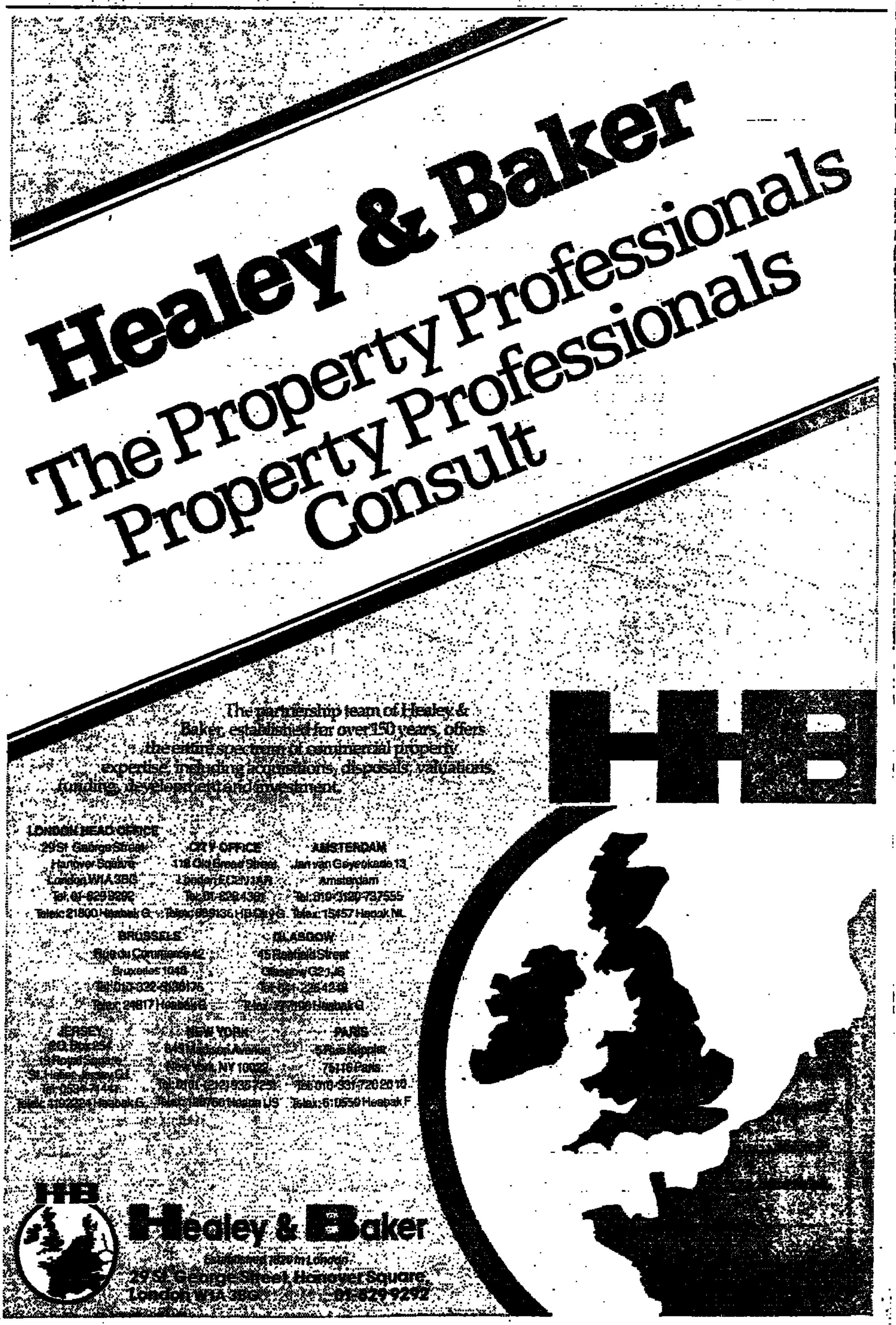
Others are more sceptical, mainly because there is, as yet, no prospect for the major break in U.S. interest rates which most people say is the key to any lasting recovery. The failure of the various political factions in Washington to agree on measures to reduce the $100bn plus deficits that loom in the federal budget for the next three years means that the U.S. Treasury will grab the lion's share of available capital. This will not only keep financing costs high but will also deter an economic recovery.

"When you can get 14 per cent just by putting your money in the money market, why tie it up in property?" — asked one investor who is doing precisely that. He thinks the property market will take two years to recover fully.



Terry Kirk

Hyde Street Pier, San Francisco with Coit Tower (left) and TransAmerica Pyramid (centre).



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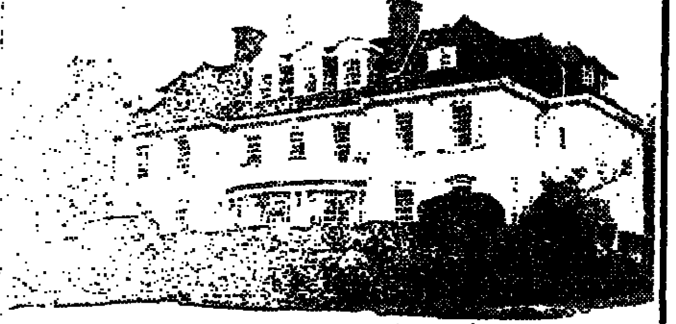

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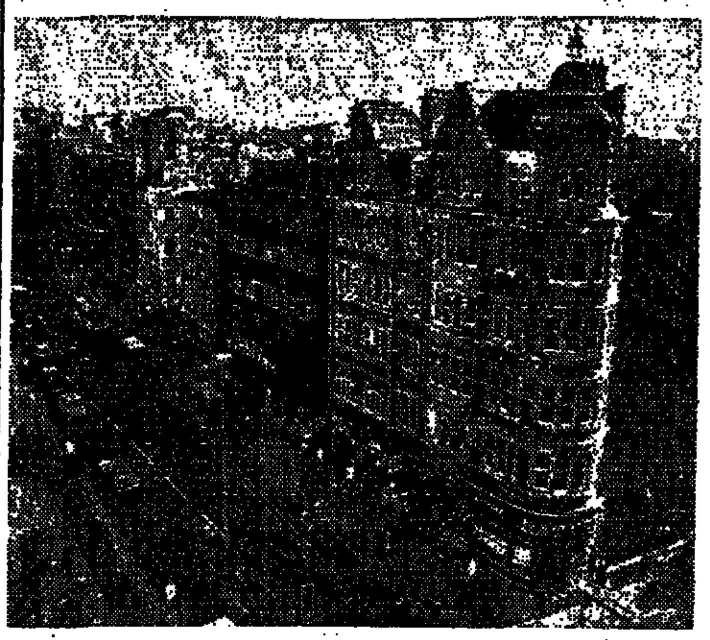
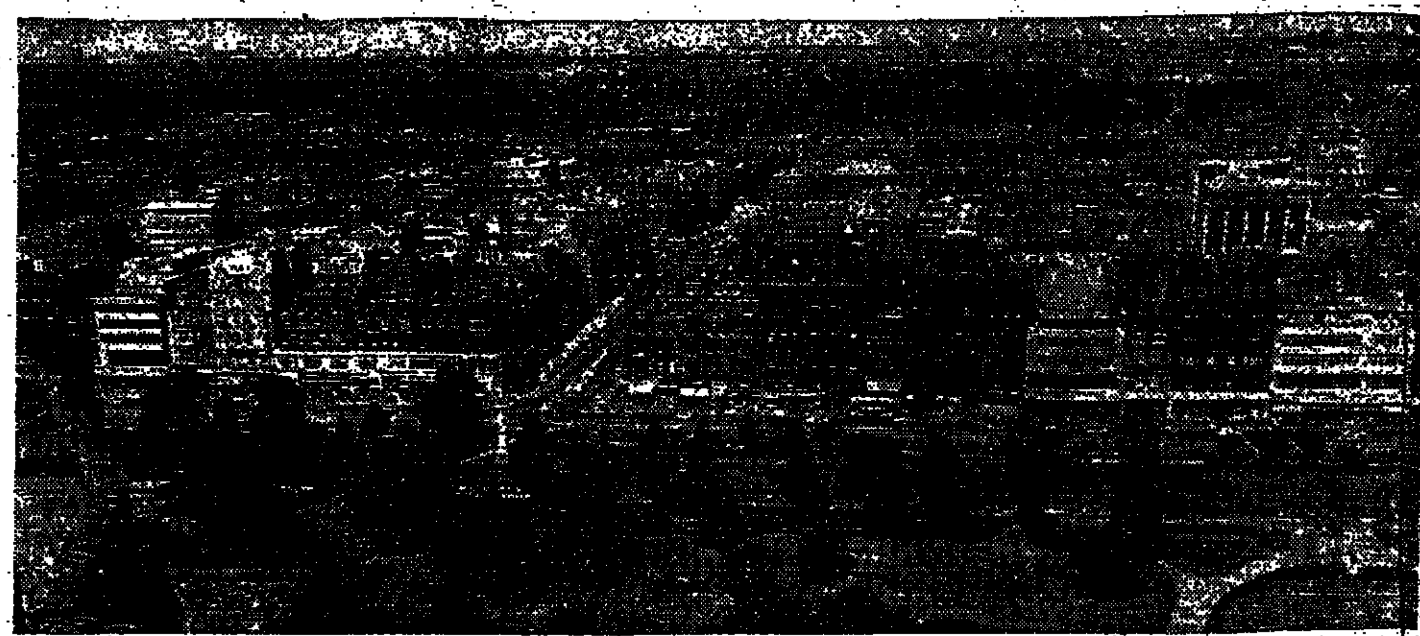
INTERNATIONAL PROPERTY VI





Oxford Street in London (left) and Princes Street in Edinburgh: not the attractions they once were to property investors or developers.

Investors cautious as tenant demand falls

United Kingdom

WILLIAM COCHRANE

THE SCALE, direction and definition of UK property investment is currently in question. Britain's most severe recession for half a century might seem to have left its property market relatively unscathed; but even the optimists have to acknowledge that the questions exist.

On scale, figures from the UK Central Statistical Office at the end of April showed record institutional spending on property in 1981. Apart from share acquisitions in property groups, the UK pension funds, insurance companies and unit trusts spent £1.95bn on direct property investment last year, an increase of about £100m on the previous record level in 1980.

Most observers now expect a much more cautious attitude towards property investment and development in 1982. After strong rental growth in 1979 and 1980, investors saw this trend tailing off in 1981; and while institutional investment can be said to be looking anything between 20 and 40 years ahead, it can also look back to 1973-74 which has since proved to be a bad time to buy.

The economic situation has meant that the level of tenant demand in all sectors has fallen during the past year, some worse than others. Recession is hitting industry very hard—as is evident from the amount of vacant industrial floorspace overhanging the market.

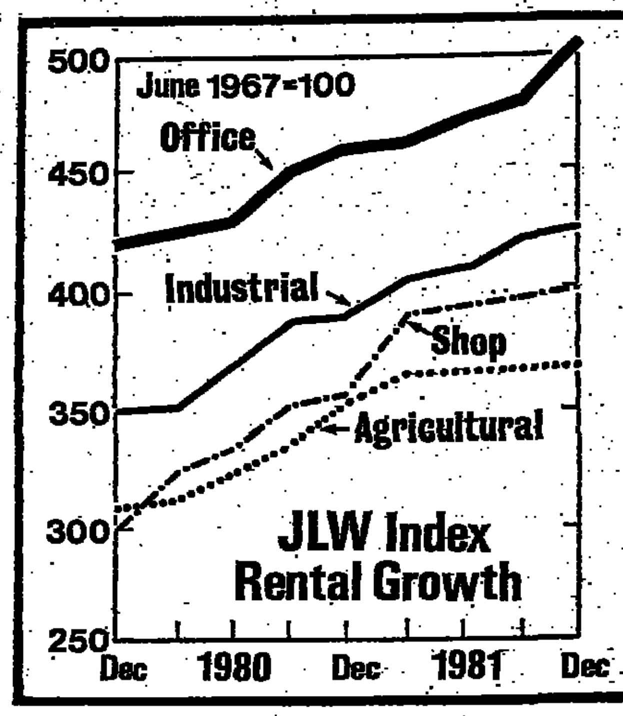
Mid-winter hopes that the long-awaited fall in the amount of industrial space in England and Wales would happen early this year have been disappointed. A survey by estate agents King and Co. shows available industrial floorspace at nearly 159m sq ft in April 1982, up 8.93 per cent on the previous peak level of some 146m sq ft for December 1981.

Directing institutional funds in this direction, then, might seem to be throwing good money after bad. Yet Electricity Supply Nominees, which represents the property investment interests of one of the largest pension funds in the UK, takes the view that this area of property investment is one which has real long-term growth prospects.

As evidence of its confidence ESN eventually expects to channel £50m of its funds into Aztec West—a 150-acre site near Bristol planned to incorporate 1½m sq ft of industrial/warehouse space and 500,000 sq ft of offices. It anticipates sharing the total cost of some £150m with perhaps three or four other funds.

While industry is feeling the effects of intense international competition, UK commerce—so far, at least—has thrived, particularly in banking, insurance, finance and the commodity markets. "It is principally our commercial success that has had such a marked effect on demands for and valuations of office properties," Sir Maurice Laing, chairman of the construction group John Laing, observed recently at the Jones Laing Wootton annual property conference in London.

Yet there are reservations about offices, too. It has been demand for prime centrally located property which has been maintained; slackening of demand has been felt more in properties located in fringe areas and offering a lower standard of accommodation.



Even with prime London offices, there are warning signals. Recent local authority rate rises have increased the level of total outgoings on office accommodation in the capital. Where occupiers regard the total cost of accommodation as excessive, they tend to move into cheaper accommodation or to consider moving away from the high-rented areas of central London.

In the other main sector of the property market, retailing, major changes have been taking place in the organisation of the sector — moves which have proved particularly welcome to developers. However, there is another side to the coin.

The drive for efficiency in distribution has resulted in a reducing role for the large departmental stores. These are being hit by increasing overheads, escalating rates and inability either to get the same throughput as the newer self service specialist stores or to reduce staffing levels.

Weakened by this development or the nearness of new, often covered shopping centres, prime pitches like Oxford Street and Regent Street in London, Argyll Street in Glasgow or Princes Street in Edinburgh, are clearly going downhill.

This is where definition comes in. What used to be unquestionably prime and often high premium retail properties now frequently lack the high quality retailing mix which attracted the consumer. Consequently, they are not the attraction they once were, to property investors or developers.

Agents Hillier Parker's research department notes that there is still plenty of activity in retail development. Its 1981 analysis shows that the amount of floorspace and the number of schemes opened were the highest since 1976; but that the average size of scheme continued to fall; and that only one-third of the new schemes were in the top 180 centres, compared with 43.5 per cent in the period 1965-78.

To sum up, the industrial market is overstocked but inventive, especially when the investor and the developer are the same entity and prepared to spend for the long term return. In retailing, what used to be prime may not be any more and even in offices the occupiers' market is beginning to suffer in certain geographical areas.

One result is that divergences which have at many periods existed between the occupiers' and the investors' market may be merging. That may mean that yields on prime property investments will rise.

The corollary, a fall in property values, is not inevitable. But there is a climate of opinion which suggests that prime property yields could rise by 1 percentage point from the 3½ per cent on shopping, 4½ to 5 per cent on offices and 6½ per cent on industrials which is the generally accepted range at the moment; and if this takes time, at best property values are most unlikely to rise as they have done in the past.

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Cool heads needed after Gallagher collapse

Ireland

BRENDAN KEENAN

THE IRISH property market is "holding its breath" after the dramatic collapse of the country's biggest developers, the Gallagher Group.

There is general agreement among analysts, agents and investment managers that, on the facts alone, the Gallagher failure should not have any great impact on the market.

The major Gallagher sites have been around for years and Mr Laurence Crowley, the receiver, has shown himself aware of the danger of hasty sales.

Nor are developers as over-extended as they were in the property slump of 1974. The real worry is the effect which the Gallagher fall might have on confidence, and whether the industry—including the banks—can keep its nerve.

There is no doubt that the downturn in the commercial market, which many predicted for last year, has finally arrived.

In addition, Irish developers face interest rates of more than 20 per cent.

The banks are only too aware of these factors and are carefully reviewing their property positions in the wake of Gallagher. Rumours abound as to who may be in trouble and who may not. It will require cool heads if the industry is to come through without further casualties.

In the short-term, little help can be expected from the state of the market. The biggest change has come in commercial office development, which continued buoyant through 1981.

Last year, 900,000 sq ft of space was let in the Dublin area, but over a third of that was taken up by the Government through the Department of Post and Telegraphs. Now the Government, which is struggling to reduce public spending, has virtually dropped out of the market.

Leading agents estimate that completions, re-lettings and the carry-over from 1981 will put about 600,000 sq ft on the market this year, but they doubt if all this can be taken up.

In this situation, prime rents have steadied at around £8.50 a sq ft, although it is thought they will gradually approach £9.

Projections are that yields, currently around 5½ per cent, will go to 6 per cent even though—as one agent put it—"the evidence isn't there."

One reason for optimism is that there is likely to be no shortage of investment capital for prime developments. This is partly a result of Ireland's stringent exchange controls, which stipulate that 50 per cent of the institutions' funds must be invested at home.

You must distinguish between development and investment, says the manager of a £500m fund. "The problem is that there is a shortage of good investment properties."

Certainly there seems to be no shortage of enthusiasm for property, with reports that Investment Bank of Ireland and Ulster Investment Bank (a subsidiary of NatWest) are both considering moving into the field.

The over-supply could also be short-lived. Although there are plans for 450,000 sq ft to be developed in 1983, only 15,000 sq ft is definitely committed so the market need not be stuck with surplus space as happened after the 1974 period.

A general view is that while rents may remain static for 12 to 18 months, they could then take a sharp jump and resume their upward trend.

The industrial sector is more gloomy, with a serious problem of over-supply. Jones Lang Wootton estimate that there may be up to 1m sq ft of warehousing lying idle and the total of unwanted industrial space could be up to 2m sq ft.

Mr Ken Ronan, managing director of the RohanGroup, estimates that it will take nine months or a year to clear the backlog after any industrial recovery.

Rents are likely to remain stuck at £2 to £2.50 sq ft, as they have done for the best part of two years.

On the residential side, the only bright spark in a gloomy scene is apartments. They have remained lively as the advantages contained in section 23 of the 1981 Finance Act sink home. This allows the owners of new apartments to offset rental income—even from other properties—against tax.

The difficulty is to assess how many potential investors exist for this kind of property. Even the more optimistic would like to see the institutions coming in.

With the exception of Irish Life, which already has apartments, that seems unlikely. One possibility would be indirect investment through the recently-established Housing Finance Agency, if suitable instruments were made available.

As to the future, property men like others, have noted with interest the most recent business forecast from the Confederation of Irish Industry, which suggested that Ireland could be pulling out of recession ahead of other European countries.

There is a feeling that it may soon be time to buy. No one expects the bargains of the 1974-77 period, when properties were purchased for as little as 10 per cent of their eventual resale price.

But one leading agent believes there are already opportunities to pick up good sites, including some of the Gallagher properties.

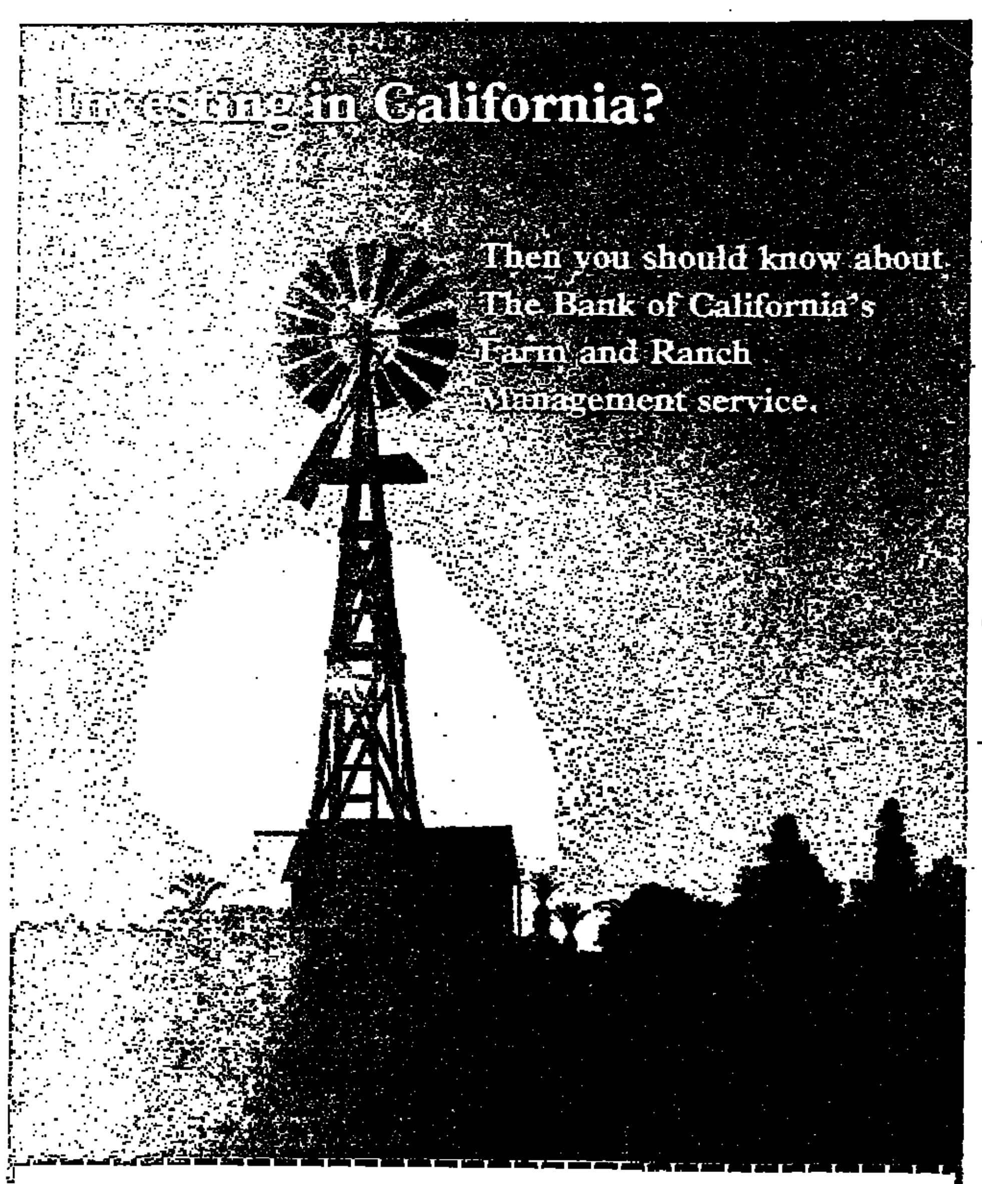
Some of those with the best record for reading the market are looking more to 1983-84 as the time to move back in. But their views are tempered by three factors: the state of the economy, public finances and the tax regime.

Everyone agrees that a sustained recovery will depend on a return to economic growth. Developers will also remain cautious so long as interest rates remain at levels where a nine-month delay can wipe out projected profits.

Property men say that the provisions of the March Budget, in particular the 30 per cent withholding tax on transactions and the 2 per cent levy on office development, will make it difficult to stay in the market. The withholding tax in particular, they say, could kill marginal developments.

However, the Gallagher collapse may have the effect of producing a more sympathetic Government ear for complaints about the withholding tax. One leading manager believes the office levy will appear in a more acceptable form as a tax on capital gains.

Clearly, there are several imponderables in making firm predictions about the future of the Irish property scene. But those in the commercial sector, at least, can take some comfort from the fact that their business turned down later, and might just pick up sooner, than most others.



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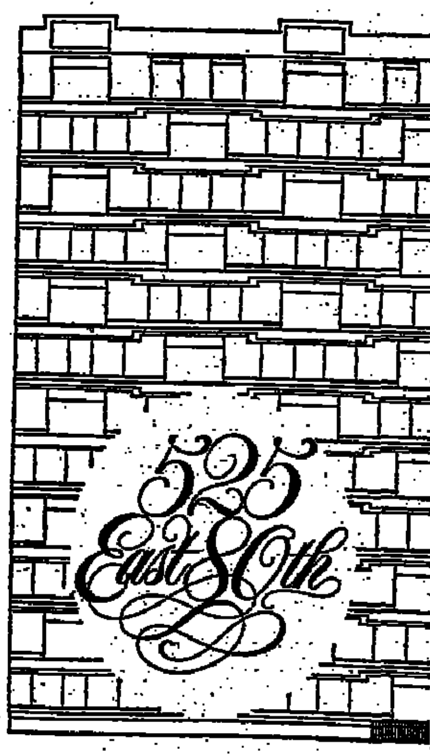

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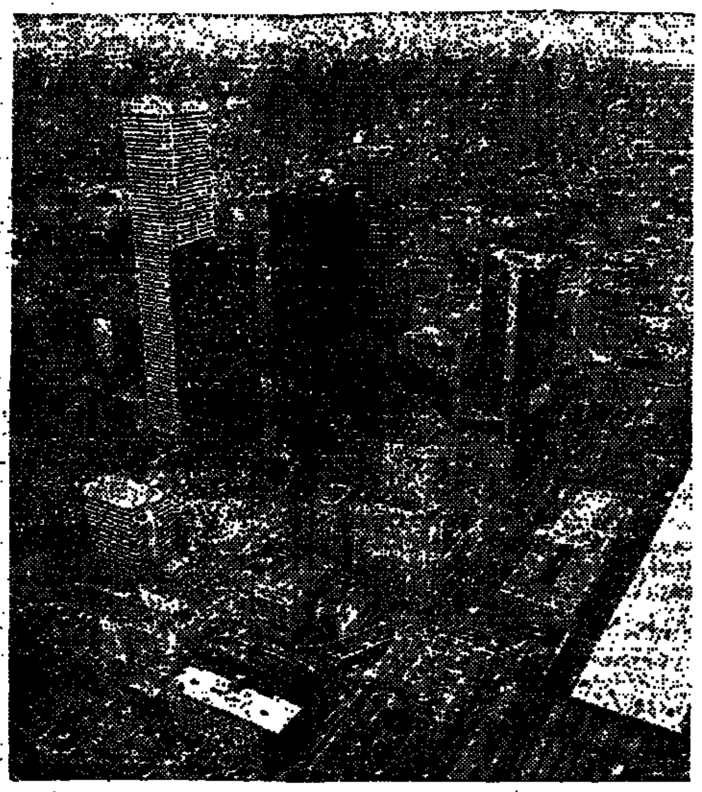
Office boom in Toronto slows down



Toronto's business centre — still the financial hub of Canada despite the growth of the West

CANADA IS now in the midst of its deepest and longest post-war recession and the impact on commercial, industrial and residential property markets has been profound over the past nine months — across the country from St John's, Newfoundland, to Vancouver.

Markets during most of 1980 and the first half of 1981 were explosive in all the main cities except Montreal and Quebec city, still overshadowed by political uncertainties and a continuing shift of business and people out of Montreal to Toronto and the west.

In that 12 to 18-month period prices of all types of real estate and prime office rents rose by up to 50 per cent. Inflation had moved into double figures, energy prices appeared to be going up for ever, and Canadians did not believe governments were serious about controlling inflation by tightening money supply and forcing up interest rates.

Heavy flows of capital were coming in from Europe and the Far East. Many major Canadian developers, from the well-established ones such as Cadillac Fairview, Trizec, and Olympia and York Developments, to the newer ones such as Daon and Nu-west moved heavily into the U.S. market.

By mid-1981, Canada had to follow U.S. anti-inflation strategy to protect the value of its own dollar. Interest rates reached new peaks of well over 20 per cent briefly in early autumn, and have now stabilised temporarily in the 16 to 18 per cent range. The U.S. property market dried up more swiftly than Canada's, and many of those who moved so quickly into the U.S. burned their fingers badly as values tumbled and office buildings remained unrented. Then oil prices began to fall steeply, driving home the lesson that in North America the property market is probably the most volatile of all.

In Calgary, the so-called "Houston of the North," the bloom came off the property market for the first time since the 1973-74 energy crisis. Last year Calgary leaped to first place in the value of non-residential building permits issued, passing Toronto, a city three times its size. Only six years ago, Calgary was fifth among Canadian cities.

Though the boom in office construction in Toronto has slowed, a shortage of prime space is expected to keep the market relatively buoyant through mid-decade. Edmonton's boom has been punctured by cancellations of energy mega-projects in Alberta and the far north. The city is the operations base for the oil and gas industry, while Calgary is the financial and decision-making centre.

Montreal is moving through the later phases of a modest office construction boom and probably will have a surplus by 1985. Quebec city's market has flattened out because the Quebec government is cutting back on the civil service.

In Vancouver, the office, industrial and residential boom of 1980 has completely blown out, with cancellations of some city centre projects. The economic support from the fishing, mining, forestry and tourist industries has been badly eroded and uncertainty over the provincial elections next year is not helping.

Many smaller cities in Alberta, Saskatchewan, and Ontario participated in the 1980-81 boom but activity has been all but halted by high

Canada

ROBERT GIBBENS

interest rates and prices are well off the top. In the principal maritime cities, hopes for swift development of offshore oil and gas finds have faded, development has tailed off rapidly and prices have collapsed.

Prime office space in new core buildings in Toronto has reached nearly $50 a sq ft gross, and about the same in Calgary, and price resistance is growing. Prices are not far from the level in Vancouver and Edmonton, but in Montreal they top out at about $35. These figures are gross. Bargains have been available in Calgary in the past few months, but with a better climate emerging for the oil and gas industry, rates may be preparing for a firming trend again.

Industrial property rents and land prices on average across the country are down by about 25 per cent from the early 1981 highs and construction activity is down about 50 per cent. Generally, land is available in the main cities, and extremely cheap in the small cities where local tax breaks abound.

Residential property prices have dropped by 25 to 30 per cent on average from coast to coast, with the steepest falls in some parts of the Maritimes and in certain areas of Ontario and Quebec where the recession has hit manufacturing hard. Executive homes in Toronto, Montreal and Calgary and Vancouver go from $250,000 to more than $1m, depending on area, but less in the Maritimes.

In all the main cities, difficulties in financing new homes and apartment buildings have speeded up the trend towards condominiums especially in the central areas. Condominiums are representing about 10 per cent of real estate sales in some cities, and condominium office buildings are also becoming well established.

It is almost impossible to create new commercial projects which produce initial returns higher than the cost of conventional financing, says A. E. Lepage, major national real estate brokers. Typical planned return before financing for an office building is in the 12 to 13 per cent range, while financing is 17 to 19 per cent. However, institutions, particularly pension funds, still see property as an inflation hedge and are prepared to buy real estate with initial returns from 8 to 10 per cent, expecting higher yields in the future especially when the economy returns to more normal conditions.

Funds continue to flow into real estate from the Far East, Britain, France and Germany, and from the Middle East oil-producing countries. Also, the trend for institutions to take equity interests in commercial property they back is continuing. Construction costs are rising at an annual rate of 12 to 15 per cent and labour problems are now centred on the Toronto area where tradesmen are seeking annual wage gains much higher than that.

Last year Calgary issued $1.5bn in new office building permits and more than 3m sq ft of new space became available. In 1982 3.7m sq ft will come on the market and 4.5m in 1983 and despite the uncertainties of the oil and gas industry, most of this will be absorbed without too much difficulty.

The local government emphasises development control rather than strict zoning. Major banks are helping to finance many of the major new buildings, and all the well-financed national developers are represented.

Last year Toronto completed 6m sq ft of new downtown office space, and Lepage sees at least five or six years of consistently high levels of development needed to achieve a more stable supply-demand picture. City zoning tends to restrict land available and keep prices high.

Major core developments alone will add a further 3.5m sq ft of office space this year and about 3m sq ft more in 1983. Though Toronto's population has stabilised after growing continuously through the 1960s and 1970s, its position as the financial hub of Canada has not been really challenged by the growth of the west.

City centre land costs range from C$100 to C$150 per sq ft in Montreal up to $800 in Toronto and more than $1,000 in Calgary. This means that the cost of developing a new major office building, including land acquisition, ranges from about $25 a sq ft in Montreal up to about $38 in Toronto and Calgary.

Boost for prime sites in Sydney

Sydney—prime office rents may soon challenge those in New York.

THE NEWS recently that an option has been taken to rent the 19 upper floors of the new 40-storey Qantas International Centre in the heart of Sydney's central business district for A$5m (£2.94m) a year dramatises the current shortage of prime office space in Australia's busiest state capital.

It also says a lot about the recent Australian property boom, though the property sector, like the economy as a whole, is currently on "pause."

There has been speculation in Sydney that the company which has taken the option is a foreign finance company, though a spokesman for Colliers International, the agent handling the letting, says this "cannot be taken for granted."

Either way, a rental of A$5m annually would represent approximately A$300 a sq metre and could boost the value of the building, of which Qantas itself is occupying 17 floors, to around A$150m. As recently as last June the estimated fully-leased value was just A$90m.

At A$300 per sq metre, the Qantas building would be a record property leasing for Australia. The going value for prime Sydney office sites would be promoted to approximately the current levels of, say, Toronto, downtown New York, decidedly ahead of levels of business centres like Jakarta, Zurich and Seattle.

In Sydney, according to property consultants Jones Lang Wootton, office rentals rose by 35 to 45 per cent last year, because of rapidly diminishing supply. Indeed, once the Qantas Building is let, there is virtually no new space due on the market in the central business district until next year, when 40,000 sq metres becomes available.

Good commercial space is also restricted in North Sydney and Brisbane. Melbourne is expected to have upwards of 240,000 sq metres of space available by the end of 1984, though Perth has an office glut, and rents in the Western Australia capital are in danger of stagnating.

Although investment demand in most areas of the Australian property market remains buoyant, with considerable activity in the sale of quality commercial property, for example, numerous major investors have temporarily withdrawn from the fray so as to absorb recently-acquired purchases.

Numerous industrial and other groups have been disposing of prime industrial and commercial assets, though, such is the structure of the market, this has done little to dampen the investment appetite of the major institutions.

For many years, the big real estate investors in Australia were a few major institutions, such as the Australian Mutual Provident Society, the National Mutual Life Association and the Mutual Life and Citizen's Insurance Company.

The banks, generally, were inclined to limit their involvement to the acquisition of operational premises, together with head office positions in central business areas. But the boom

Australia

MICHAEL THOMPSON-NOEL

of 1968-73 saw the emergence of many more funds, together with high-flying developers buttressed by secondary banks.

Some funds have developed more rapidly than others. The Builders' Licensing Board, for example, emerged as a major purchaser of real estate in 1978, with an original allocation at its disposal of around $750,000. Its brief was to acquire three A$250,000 packages, though today, says JLW, it is hard to talk to the board about properties worth less than A$1m.

Jones Lang Wootton says: "Because of the emergence of many more purchasers, the product has become more keenly contested. Enormous funds are chasing very few properties. The funds are becoming more sophisticated, due largely to the keener nature of the market and the recognition of reversionary value."

The mightiest of the institutional investors is the Australian Mutual Provident Society, which recently bought the Australian property portfolio of the Crown Agent's Subsidiary, Abbey Capital Group, for a sum thought to exceed A$350m.

Property is very dear to the AMP's heart. The society, which is Australia's biggest life office, biggest investor and biggest non-government property owner, has around half its A$7.6bn assets in property in one form or another.

Last year, when the total value of units in its Number Two Statutory Fund rose by 29 per cent to A$1.91bn, its property unit prices increased by 18.7 per cent, against 14.6 per cent for resource prices, 9.5 per cent for fixed interest investments and a fall of 8.4 per cent for equities.

Its broad objective is to invest 35 to 50 per cent of its property funds in offices, 30 to 45 per cent in retail property and 15 to 25 per cent in industrial and other property.

Foreign investment has played a significant role in Australia, with numerous Asian investors, such as Mr Jack Chia of Singapore, who is said to have A$500m-worth of development planned, making a big impact.

However, foreign investors have to meet the criteria of the Foreign Investment Review Board, which in its 1981 report said that concern had been expressed about the extent of foreign investment in Australian real estate in the past 18 to 24 months.

Certain transactions are exempt from scrutiny and there is blanket approval for individual real estate acquisitions worth less than A$350,000. However, the general guideline is that acquisition of real estate for development and retention by foreign interests is normally only permitted where there is Australian participation of at least 50 per cent and "provided there are benefits to the Australian economy."

PRIME OFFICE SITES

	A$
Central Sydney	250
North Sydney	180
Melbourne	160
Perth	160
Brisbane	150
Canberra	140
Melbourne (St Kilda)	110
Adelaide	106

Source: Jones Lang Wootton, 1982, figures are for per square metre per annum.

According to the Foreign Investment Review Board: "Proposed acquisitions of urban real estate by foreign interests have increased significantly in the past 18 months to two years. In 1979-80, the consideration involved in such acquisitions amounted to A$93.8m and in 1980-81, A$240.3m. In addition, there was estimated development expenditure of A$140.2m associated with proposals approved during 1979-80. The estimated expenditure in 1980-81 was A$571.9m."

The FIRB guidelines also cover luxury and high-class hotels, where foreign interests must demonstrate substantial net benefits to the home economy, plus substantial local involvement.

Nevertheless, this is thought to be one area where the scope for foreign participation is marked, particularly in view of the fact that an estimated A$3bn worth of Australian resort, leisure and entertainment projects are firmly at the planning stage, waiting only for the economy to perk up.

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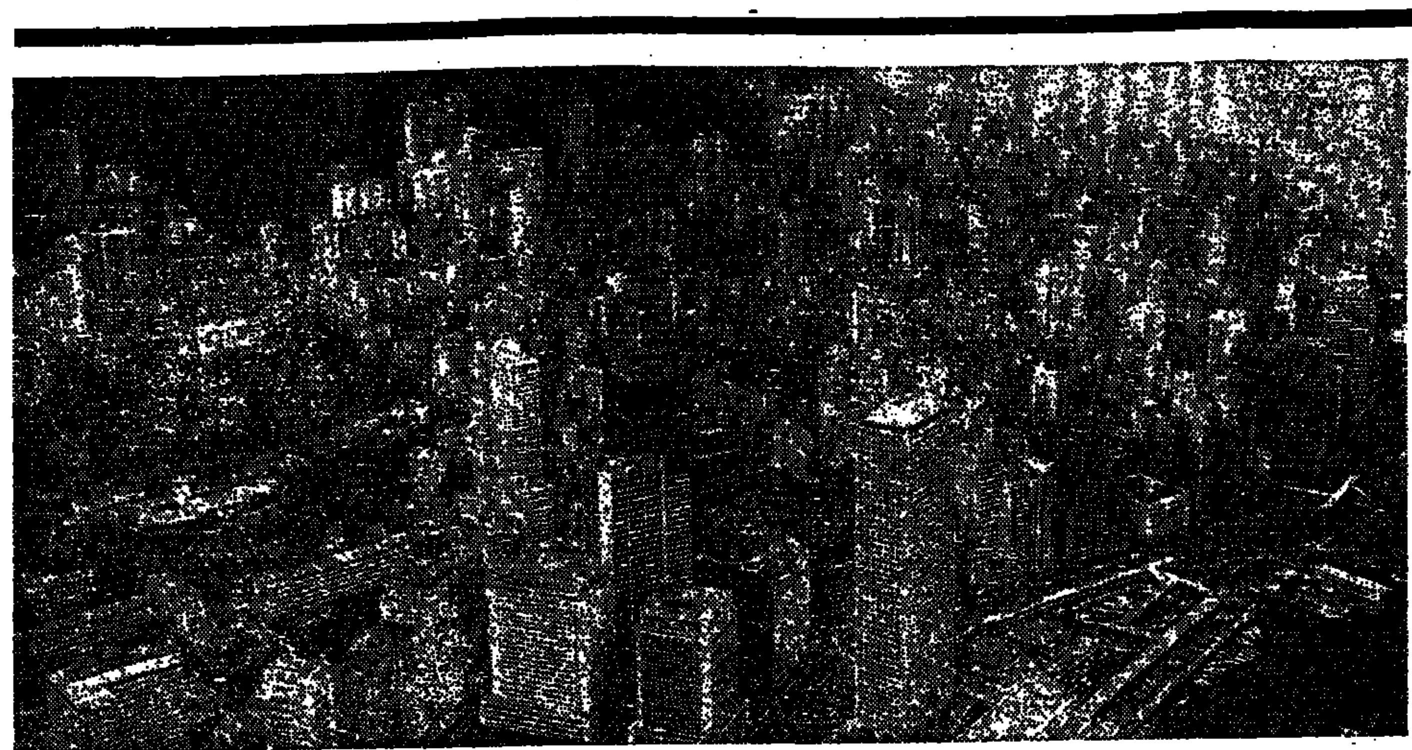


Hong Kong: developers think it may be three years before growth returns to the property sector and rents and values rise significantly.

Bubble bursts after record property spending spree

Hong Kong

MICHAEL CASSELL

RECENT EVENTS have served to confirm that Hong Kong property market is one of the most volatile in the world.

Since 1973, when the last bubble burst, the market has been gathering momentum and the pace at which development has taken place has made some form of retrenchment appear increasingly inevitable.

The problems of the early 1970s were quickly left behind as Hong Kong's own economy went from strength to strength and an influx of finance, largely from south east Asia, helped fuel a speculative development boom which started to take off in 1978.

Speculation in residential development, which virtually became a "futures" market in housing, led the way for a building spree which by 1980 had reached unprecedented proportions and was rapidly losing touch with what the market could sustain.

During the second half of the last year it was evident that property values and rentals would come under increasing pressure from accelerating supply and that the downturn in the world and local economies, together with high interest rates, would finally take their toll. By the start of 1982, the prospect had become reality and many property traders found themselves with a crisis on their hands.

The impact has been most dramatic in the residential and industrial property sectors, where demand has been hit hardest and where values have fallen back dramatically. In the case of residential space, which forms an important part of most local developers' operations, asking prices have now fallen by up to 30 per cent from the peak levels achieved in the middle of 1981, though by then the market had become totally unrealistic and taken itself well beyond the levels which most people could contemplate.

The rot spread fairly quickly and industrial land, mostly located in the New Territories and put on the market by the Government, is now often failing to find buyers at any price. Some asking prices are now down by two-thirds from their peak but the prospects for early sale seem slim. A continued depression in prices and rents seems most likely and development programmes are being stretched out or shelved altogether, leaving some developers with potentially disastrous interest charges and little or no investment income to fall back on.

Neither have the retail or office sectors escaped the downturn. Although rents have in most cases simply stagnated or shown minimal growth, capital values have shown signs of weakening, even in prime locations like central district—though performance depends heavily on the quality of the buildings involved.

PRIME OFFICE RENTS

	HK$*
Causeway Bay	14
Wanchai	15
Central	30
Central Tsim Sha Tsui	14
Tsim Sha Tsui East	14
Mongkok	11

*per sq ft per month
Source: Richard Ellis

The market is responding in the expected way to what looks increasingly like the early stages of a potentially long-drawn-out period in which demand shows little real growth and supply continues to pour through the pipeline. Tenants are concentrating on good quality accommodation in better locations and are giving clear preference to well-managed buildings.

The strata-title system, under which properties can be sold off on a floor-by-floor basis, appealed to large numbers of investors when the market was at its most buoyant. This has left a legacy of neglected shopping arcades and office blocks which have deteriorated and stand half-empty in the absence of any central, cohesive management.

By contrast, there are numerous office and retail developments which have been well planned and offered by a single landlord with sound experience of property management. The result is that many developments in the office and retail sector have proved increasingly popular as the wide discrepancy in standards has gradually become more marked. Some of the schemes now underway in central district are, for example, almost totally let well ahead of completion and at encouraging rents.

The big question now, however, is how the market overall will fare, given the large volumes of additional new space which are scheduled to come onto all sectors of the *property market over the next* 18 months to two years.

In the retail sector, the total stock of available space last year rose at its fastest rate for several years. While take-up reached about 1.7m sq ft, over 3m sq ft of new space was built. That completion figure is due to rise to nearer 4m sq ft this year and will exceed that level in 1983.

The office market faces similar difficulties. There is already an estimated 3m sq ft of vacant floorspace, despite a higher take-up rate in recent months, and the total stock is expected to rise by nearly 60 per cent to around 45m sq ft between 1982 and 1984.

In the industrial market, where the weaker market has already seen a sizeable reduction in planned development activity, an additional 50m sq ft of flatted factory space between now and 1984 was being proposed. Take-up of flatted factory *space in 1981 reached around* 8m sq ft.

Given figures of these dimensions and the likelihood that high interest rates and the international recession will continue to depress demand for some time yet, there seem few grounds for suggesting that the Hong Kong property sector will very shortly be expanding again. The view amongst many developers is that it could be at least three years before real growth returns and rents and values begin the next upward phase.

Investors offered a sound but unspectacular market

West Germany

PAUL HANNON

A WIDE vocabulary of understatement has been used to describe the West German property market. "Quiet," "a period of consolidation," "waiting for the upturn" — all of which indicate even to the most somnolent observer that things are gloomy, sending the normally quasi-pessimistic German businessman into new depths of despair.

Somewhere between this veneer of brave talk and the latent Doomsday mentality of the domestic marketmaker lies a complicated, surprisingly sound, yet uninspiring property market.

To the outside observer (and investor) Germany looks like a good risk while the local investor searches for some alternative to his domestic range of opportunities. Yields, for example, are marginally better than in the UK, but have remained all but static for three years and are unlikely to improve over the next two.

Any company seeking a wider portfolio spread in a strong economy will immediately look at Germany. The British see it as a *manageable*, nearby investment on a scale with which they are familiar (DM 10m-DM 20m —about £2.4m to £4.8m) *whereas North American interests* would envisage Germany as a logical first entry into Europe at a relatively modest price.

Permeating the entire logic of foreign participation in the German property market and the subsequent impact on the quality of that market are two inter-related things: interest rates and the strength of the D-Mark.

"A bad choice of currency can ruin a good investment", says Christopher Bull-Diamond, head of the Frankfurt branch of Weatherall Green and Smith. "We do not foresee any long-term deterioration of the D-mark against sterling and on that basis we are building up our German operations.

"Investors know the market well now and there are very few *if any rash moves or big* mistakes made. Dutch institutional interest continues, whereas some Arab funds — mainly through St Martins—are finding their way in.

"Nevertheless the market is solidly German with no special yields for British or U.S. investors — you must be satisfied with 5 per cent-5.5 per cent return."

The recent change in German interest rates is expected to ease strictures in the economy with a possible improvement — or dare one say, upturn — later this year or early 1983. With a more active German economy in sight, the property market is expected to gain considerable ground.

Jones Lang Wootton suggests that "an extreme shortages of good-quality property is possible at the end of this year" with a consequent rise in rental levels. Total vacant office acommodation available for letting in Frankfurt, for example, is estimated at 132,000 sq metre with very few projects due for completion this year or in 1983.

In Frankfurt's banking area—a traditional barometer of the City's and the Federal Republic's fortunes — no new office *space is due on the market until* 1984 (200,000 sq metre) and later in 1985-86 (17,000 sq metre). The 800,000 sq ft twin towers being built by Deutsche Bank will not release any new space on to the market since the bank's old headquarters will eventually be occupied by a subsidiary. Similarly, Degussa's major development on the Main is all "in-house."

According to Robert Campbell, head of Jones Lang Wootton's Frankfurt office: "Building costs are now as low as 1976 levels, so you would expect some activity in new development, but virtually nothing in the prime quality end of the market is under construction.

"Refurbishment is also another possibility, but *this is such a specialised market* that mistakes are too easy to make, and now is not the time to make them, particularly since city planning prohibitions often make refurbishment economically impossible."

Rental levels for high-quality air-conditioned properties have improved slightly over the past year and have now finally exceeded the dizzy heights recorded in 1973-74 (DM 30 per sq m per month or DM 35 per sq ft per annum). Maximum achievable rents for small- to medium-sized units in Frankfurt are now DM 35 per sq m per month net of VAT and service charge.

Dusseldorf and Hamburg can command DM 30 per sq m a month while Munich will hover around DM 28 and Stuttgart DM 25. Yields are approximately 5 per cent with the Bavarian towns closer to 5.25 per cent.

Frankfurt's claim to the title of "Business Heart of Germany" undoubtedly is based on the presence of 340 banks in the city, compared with 90 in Hamburg. Munich is considered a "provincial" market with limited international interest there, while Stuttgart has very limited building opportunities remaining.

Nevertheless, the attraction of "successful" southern German cities exists. Weatherall is considering a new office in Stuttgart (despite the proximity of its Munich branch) to tap the affluent if slightly unsophisticated surrounding local market, where Mr Bull Diamond claims pre-lets are almost guaranteed.

The growth in rental levels has not been consistent throughout Germany during the recovery from the 1973-74 crisis. Maximum achievable rents over the past seven years have risen by over 55 per cent in Munich, 50 per cent in Frankfurt, 35 per cent in Düsseldorf and 25 per cent in Hamburg, and yields have generally shifted from 6.5 per cent to the current 5 per cent (Munich: 6.75 per cent to 5.25 per cent).

For the current year, rental growth is expected to amount to DM 1 or DM 2 per m²/month or about 5 per cent per annum—just enough to keep pace with inflation, and when the "upturn" comes Frankfurt will lead the market.

Retail demand is mixed with no falling off in prime locations, but secondary rentals are under pressure. Monthly rents of DM 200 per sq metre are possible for both top-quality locations and the much sought after 100 sq metre/150sq metre size.

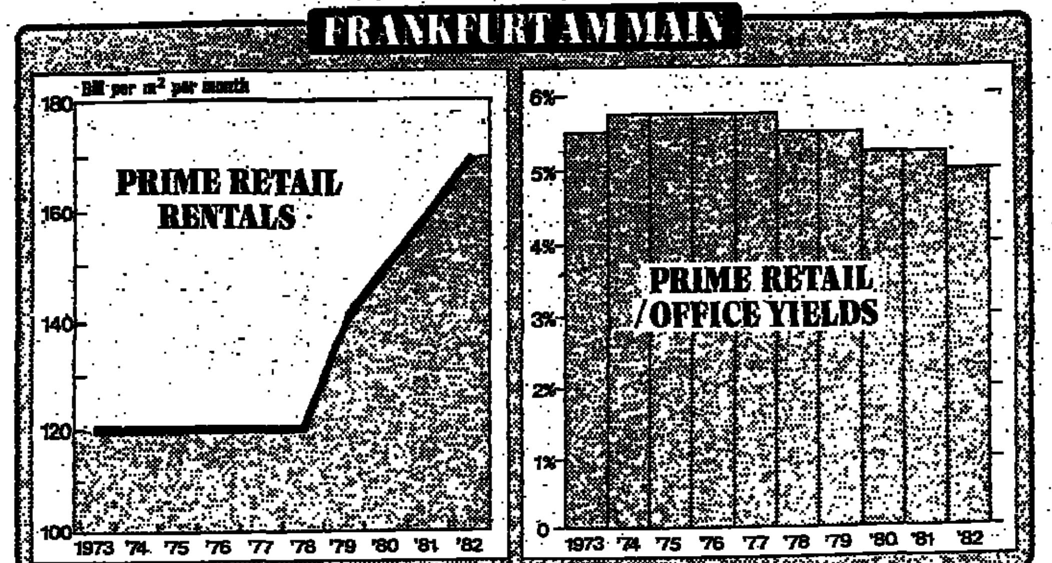
The warehousing and industrial market, with the exception of a few locations such as the Frankfurt Airport environs, is depressed and is not expected to improve until the entire German economy has picked up considerably.

The residential property market is *still affected by relatively* high interest rates which offset the comparatively low building costs. Herr Friederich Wenninger, an estate agent in the Frankfurt suburb of Niederrad, mantains that demand is still good for lower (DM 250,000-D M400,000) to medium (DM 400,000-DM 650,000) priced single family dwellings.

Prices of DM 1m for a small town house in the historic Römer plaza, he says, are more a reflection of curiosity value than any trend in the market.

Significantly, German insurance companies, he says, are no longer interested in large-scale construction of tower block apartments owing to constant unsatisfactory yields. Shortage of land in the Frankfurt area undoubtedly will force up prices next year, he adds.

The lack of bubbling optimism among the German entrepreneurial class doubtless presents opportunities for the foreign investor. Weatherall Green and Smith suggest that the response and decision time normally associated with German property development (particularly that conducted by banks and institutions) is long by U.S. or UK standards. Therefore, they say, an inferred business advantage exists for those who are capable of making decisions quickly and prepared to fill in their Euro-cheques in guilders, francs, dollars or pounds on the spot.



WEST GERMAN PRIME OFFICE RENTS*

Year	Frankfurt	Dusseldorf	Hamburg	(yield)	Munich	(yield)
1975	276	276	300	6.50%	216	6.75%
1976	288	288	252	6.50%	216	6.75%
1977	300	300	276	5.50%	240	6.50%
1978	324	324	288	5.50%	240	6.00%
1979	336	336	300	5.50%	264	5.50%
1980	390	360	360	5.25%	336	5.50%
1981	420	360	360	5.00%	336	5.50%
1982	420	360	360	5.00%	336	5.25%

* DM/m² per annum net of services and VAT
Source: Jones Lang Wootton

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EEC FISHERIES POLICY

The bait of a deadline

By Larry Klinger in Brussels

THE EUROPEAN Community, battered by disputes over British budget payments, farm prices and Argentine trade sanctions, will this month resume its attempt to hammer out a Common Fisheries Policy. If these talks fail, after six years of negotiations, that could provoke another serious constitutional crisis.

On January 1 of next year the Treaty of Rome's temporary arrangements guaranteeing 12-mile coastal fishing limits for most of the Community's profitable inshore fishing grounds expire.

An ambiguity in the Treaty

Whether the expiration in the absence of a new agreement would give all 10 EEC member-states the right to "fish up to the beaches" of all the other member states or whether the *status quo* of 12-mile limits would remain intact is hotly disputed, especially by Britain and France.

The Treaty is ambiguous, but Britain, whose coastal waters contain well over half of the Community's most valuable fish, maintains that its six-mile exclusive zone and 12-mile zone allowing only limited historical rights to others would continue in force until the Ten agree to new arrangements.

On the other hand, France maintains that, if the Treaty's transitional "derogation" comes to an end before a Common Fisheries Policy (CFP) has been established, then the Community's common fishing pond will be open to all.

While no-one seriously believes that armed British vessels might be ordered to arrest French trawlers, recent British jokes about sending a task force to Brussels have an ominous sound, given the tense political atmosphere in the Community.

The trouble is that the fishing dispute is an emotional issue, with figurative visions of courageous captains at an open helm braving ferocious storms and real images of economically depressed fishing communities simply disappearing forever.

Moreover, this psychological factor helps boost the fishermen's political influence, which is already considerable, especially in relation to their numbers.

In two of the three main EEC fishing nations, Britain and France, commercial fishermen account only for around 0.1 per cent of the total labour force. *In the third, Denmark, the percentage is significantly higher* but still relatively small overall at around 0.5 per cent.

Yet in all three countries the fishermen exercise considerable political clout, partly, that is because the long coastlines of the three countries mean that fishermen and their families exercise influence in an outsize number of parliamentary constituencies.

In Britain that has been reflected in the continuing and growing level of grants and subsidies to the industry: £35m in 1979-80, £37m in 1980-81, £45m last year, with the industry seeking more in the current fiscal year.

In Denmark, where the industry is even more socially and economically important and where government tends to be by complex coalition, the fishermen can prove decisive to national policy.

Even in West Germany, where the fishermen hold less political sway, fishing disputes often become national issues. Early last year, when Britain was blocking new EEC-Canadian fishing arrangements and thereby delaying the departure of the German deep-sea fleet, the ensuing row put substantial strains on overall Anglo-German relations.

When calmer voices prevail, however, it becomes clear that no-one's interest would be served by a vicious fisheries free-for-all in EEC waters. "Whatever people might say, this is clearly not the *intention* of the Treaty," said one high-level European Commission official.

What is at stake, but often lost sight of in the technically complex and politically emotional fisheries negotiations, is that the real aim of a CFP would be to protect the survival of a natural resource, while exploiting profitably and equitably what is available.

When the Fisheries Ministers again take up their negotiations—talks are now set for June 15 in Luxembourg—they will still be faced with three inter-related issues that have defeated all their past efforts to reach agreement: "TACs," "Quotas" and "Access."

There is some optimism that further progress can be made and the Ministers seem prepared to call another special Council meeting before the end of the month if they feel there is a possibility of a breakthrough.

THE PROPOSED SHARE-OUT

(Hundreds of tonnes by value of cod equivalent*)

	Valuable catches†	Herring	Other edible	Industrial‡
W. Germany	1,677	149	321	122
France	1,570	50	1,200	116
Netherlands	860	96	780	46
Belgium	230	8	230	0.6
Britain	4,330	353	370	213
Denmark	2,900	321	1,360	1,311
Ireland	461	183	54	14
EEC	12,028	1,160	4,315	1,822

* The European Commission's most recent proposals, presented to the Council of Ministers in July 1981, could be amended this month on the basis of updated scientific evidence on stock levels.
† Cod, haddock, saithe, whiting, plaice, redfish, mackerel.
‡ Norway pout, sprat, horse mackerel, blue whiting.

The European Commission is expected to present amended proposals on TACs (the total allowable catches based on scientific evidence of stock levels) and on quotas (the share-out broken down by species for each member-state).

Commission officials also say that they could produce "within hours" new proposals on the difficult issue of access—the question of what historical rights are to be allowed to the other member-states in British coastal waters. First, however, they want to see the outcome of the bilateral talks between London and Paris.

Britain and France have recently made considerable efforts to settle their dispute on access, and M Louise Le Pensac, the French Fisheries Minister, is expected to resume the talks in London on Monday with his British counterpart, Mr Peter Walker.

"A lot more has been achieved than many thought possible," said a high-level official earlier this week. "Both Britain and France are drawing lines on the map for the first time ever. But whether that means we'll get a Common Fisheries Policy is a different matter entirely."

For the optimism that has been generated is highly qualified. It is worth noting that since the recent bitter quarrels over Britain's EEC budget contributions, two sets of ministerial talks between Britain and France have been called off by Paris.

Furthermore, the issues of TACs and quotas are still far from settled, despite hopes to the contrary in some quarters last year. Denmark, especially, is dissatisfied with the Commission's last proposals.

Since the autumn of 1980, successive proposals have offered Denmark less fish, and Copenhagen is likely to veto any overall agreement until it achieves "acceptable" quota levels.

A quarrel revolving around Danish demands could turn into another bitter EEC wrangle. Denmark is already referred to privately by some officials as "the pirate of the seas," implying that it is the least interested of all the EEC countries in protecting possibly endangered stocks.

The declared aim of the Danes

There are also some who argue that a fishing agreement must be reached now, if only because Denmark, as the incoming president of the Council of Ministers, will chair the fisheries meetings for six months from July 1.

The Danes hotly deny the accusations against them, pointing out that a declared aim of their presidency—an aim supported by the Danish Parliament—is to reach a full fisheries agreement by the end of the year.

Denmark also says that it is recognised throughout the EEC that the Danes cannot be expected to accept less than their "traditional" levels of fishing activity.

Only in Britain was fishing as economically and socially important as in Denmark, and in no other EEC capital was the issue as politically sensitive as in Copenhagen.

Britain's fishermen hold out for an 'absolute minimum'

AS THE December 31 "deadline" approaches the British fishing industry is placing increasing emphasis on the need to prepare an alternative policy, to be introduced unilaterally if necessary, in case an unacceptable deal is forced through in Brussels.

Britain has already trimmed its demands substantially. The original target of a 50-mile exclusive coastal zone for UK fishermen has been reduced to 12 miles and preferential access in the 12- to 50-mile band.

Similarly, the industry's demand for a 50 per cent share of catches of major species—which it regarded as quite modest since "British" waters account for some 64 per cent of the stocks—has effectively been abandoned. It now seems ready to accept the latest offer of a 36 per cent share.

These conditions are regarded as an absolute minimum, however, and the industry is sparing no effort to persuade Mr Walker not to make further concessions.

But refusal to give ground could result in the other members deciding to ignore Britain's veto once again as they did over farm prices, and forcing through a policy on their own terms. This would be likely to include a reduced six-mile exclusive zone and might be disastrous for sections of the British inshore fleet. According to the National Federation of Fishermen's Organisations, small fixed-gear boats would be driven out of business by big foreign trawlers; spawning grounds would be devastated; and small local fisheries would be left unprotected.

Britain's only sensible course of action in that case would be to take British fishing back under its own wing, industry leaders insist. They are by no means confident, however, that the Government would be prepared to accept the further souring of EEC relationships this would involve.

Whatever happens in Brussels, the industry's immediate concern is to ensure that enough of its members survive the next six months to maintain a viable industry. Lower interest rates and higher quayside prices this year have helped, but many vessels are still running at a loss and most owners are deep in debt. "We are in a survival crisis," Mr Nigel Atkins, director general of the NFFO, warned this week. "We are still awaiting renewal of last year's £25m Government subsidy scheme. Without it, we could face a collapse in the structure of the fleet."

Richard Mooney

Lombard

The nostrum of indexation

By W. L. Luetkens

NOTHING IS HARDER in Italian public life than to distinguish between a storm in a teacup and real disaster. So often have the lira, the economy, even the entire political fabric of the country appeared to be on the verge of collapse that one instinctively discounts the forecast catastrophes.

The same may be true again in the latest row brought about by Confindustria, the employers' association. Confindustria has given notice that it wants the current agreement for wage indexation to lapse by the end of next January. That is an attack on the sacred cow of Italian labour relations, the *scala mobile* or escalator on which wages move upward with inflation.

One form of indexation or another has been practised in Italy since 1949, and 12 years later the concept was enshrined in legislation. Confindustria made it plain from the outset that it was not trying to abolish indexation altogether, but to reduce some of the distortions it has caused. That idea has been preached, so far to little effect, by the minority government of Sig Giovanni Spadolini.

Leaving aside for the moment whether indexation amounts to condoning inflation, experience with the *scala mobile* has taught two lessons. In the first place it hobbles fiscal policy. If Rome puts up indirect taxes, the escalator promptly jerks up disposable incomes and in part nullifies the intention to curb consumption.

Second, indexation of wages feeds the effect of inflation abroad into the Italian system more powerfully than would otherwise be the case. When the price of imports rises it hits Italian industrial costs twice over: directly through the price of imported raw materials and components; and again by giving the wage escalator another jerk upwards.

That means that exchange rate policy, too, is hobbled. Devaluations are quickly neutralised in part by the *scala mobile*. Taken to its logical conclusion, the system lands one in a situation such as that of Iceland or Israel, where almost everything is indexd at the cost of permanent devaluation. Maybe that amounts to lying back and enjoying it, but it is hardly compatible with membership in a system like the Common Market from which Italy has greatly profited.

To loosen these chains, Italian policy makers are working on two ideas. They want to leave out of account changes in indirect taxes when making the monthly wage adjustment designed to compensate for inflation. And they want to leave out the effect on the cost of living of imported raw materials. Confindustria would probably go along with that: it has not rejected the idea of automatic compensation, but does want it moderated.

Similar ideas have been tried elsewhere. Sweden has a two-year collective bargaining agreement with a link to the consumer price index, except for oil prices. In Finland shifts of the terms of trade are allowed for, before making automatic wage adjustments.

Safeguards such as these do not go to the root of the problem. Its existence is demonstrated not only in Italy where, despite a temporarily weak bargaining position of the trade unions, unit labour costs have been rising faster than elsewhere in the EEC. In other countries, such as the Netherlands and Belgium, economic pressures have induced governments to try to break existing links between inflation rates and wages. Even in Austria, where they do things differently, the trade union federation has tacitly conceded that real wages may have to decline to save jobs.

There lies the rub. It is distasteful to ask a man to forfeit purchasing power because economic management at the top has gone astray. It is far more distasteful to throw him on to the dole. Even if that does not happen, it is self-deception to embrace a system that pretends to render inflation harmless without remedying the underlying imbalance between consumption and available resources.

Letters to the Editor

Training needs in the age of micro-electronics

From Professor M. Warner

Sir,—What indeed will be Britain's training needs in the area of micro-electronics in the mid and late 1980s? Current pessimism about job losses and de-skilling will surely be self-defeating.

One cannot emphasise too strongly Michael Dixon's conclusion (in his Lombard "Thinkers and doers," May 24) that "the chip has freed human skills to reach finer quality still." But where will the supply of skills come from? How will tomorrow's craftsperson be trained? Will the range of skills developed be sufficiently broad? It seems that we have inadequate information on future skill-requirements; as indeed we have little precise idea about the markets for the products using the chip we hope to sell in world-markets, beyond the day after tomorrow.

Education for "doing" might provide the key, starting perhaps at the primary school level, and later developing through secondary schooling to something like the undergraduate special engineering programmes now going on (or planned) in a number of our technological universities or post-graduate sandwich-type MBA schemes. Yet those who should know better have recently attacked such trends in primary schools at the extreme; and savaged the former CATs, like Aston University, at the other. In between, the dramatic fall in apprenticeships in engineering—down to 12,000 this year—can hardly be a declaration of faith by that industry in Britain's industrial future, and we have seen no official moves to counter this.

A fuller consideration of these problems should clearly be high on the nation's research agenda. We need more sophisticated modelling of our manpower needs before new training initiatives can effectively be launched, and we need more information on future manpower trends. But most importantly we must see a change in our education and training philosophies. The effectiveness of our predictions depends on the assumptions which are built into them. A wider debate on such assumptions is long overdue.

Malcolm Warner (Professor),
*Henley,
The Management College,
Greenlands,
Henley-on-Thames,
Oxon.*

Principles at stake

From Mr R. Randall.

Sir,—Two letters you published on June 1 warrant a reply. People such as Mr Brittan who have the courage to criticise their country in difficult times should be praised as true patriots. The reliance on invective by those who advocate force, merely demonstrates their inability to look beyond their own noses.

Of course Argentina was wrong to invade and naturally our national pride has been hurt. (No one likes having their possessions stolen, even if they couldn't be bothered to look after them properly.) Our action has been justified on a question of principle: exactly what principle is not so clear: self determination, property rights or national prestige?

Surely the real principle at stake is will mankind survive. If a war is to be fought whenever a principle is at stake, he will not! As the Pope (another "feeble wet"?) said; if such a relatively minor dispute cannot be settled peacefully, what hope is there for the rest of the world? If Lord Carrington had been allowed to sort things out, the Falklanders would probably be offered the choice of a joint Anglo-Argentine administration or moving at taxpayers' expense. Not an ideal solution perhaps, but hardly worth killing hundreds and possibly thousands of young men merely for a temporary respite. Pride is well called a deadly sin.

R. W. Randall,
*21, Clarence Road,
Kew Gardens, Surrey.*

The Labour Party's traditions

From the General Secretary Designate, The Labour Party

Sir,—In your issue of May 26 you carried a short report of a speech I made to the annual conference of the union, AUEW-TASS. Readers might conclude from the report that I spoke only of the place of Marxists in the Labour Party.

I said that people come to the Labour Party with diverse kinds of inspiration. Trade unionism has been the main source. I explained, however, that the Party does not consist exclusively of people with a trade union background. Labour is the inheritor of the radical tradition which has deep roots in British history. It also attracts many with strong compassionate motives, including humanists, Christians of all denominations, Jews and others. Finally, I spoke of those who come to Labour because they have been persuaded by reading criticisms of the capitalist system. Among the British and Irish authors I mentioned were the Webbs, Shaw, Wells, Tawney, Cole and Laski. I said that some have also been persuaded by foreign writers.

I argued that all these diverse sources of inspiration were to be found, legitimately, within the Labour Party and formed part of Labour's tradition.

J. E. Mortimer,
*Transport House,
Smith Square, SW1.*

Different types of profits

From Mr A. Watts.

Sir,—I think that Mr Tomkinson (May 24) rather misses the point. For price increases to represent inflation they must be general. There is no such thing as non-general inflation.

The difference between current purchasing power accounting and current cost accounting reflects a fundamental difference of view about the nature of the investment process.

CPP assumes that investment consists of taking assets (money, etc.) which have initially a general command over resources and locking them up in specific form (buildings, machinery, etc). Over the life of the assets, the resources become free again via depreciation provisions and profits. The basic question which CPP accounting attempts to answer is whether, when the assets have returned to their original free state and again have general command over resources, they have as great a command as when they were locked up, or whether the command is greater (in which case the investment has made a real profit) or smaller (in which case the investment has made a real loss).

CCA takes the opposite standpoint and assumes that the investment process consists of taking assets locked up in a specific form (buildings, machinery, etc) and maintaining them intact. The basic question which CCA attempts to answer is whether the income from investment is sufficient to maintain the assets intact, or whether it is greater (a profitable investment, but in monetary not real terms) or smaller (a loss-making investment).

Of the two, CPP seems to me to represent the investment process much more closely than CCA. Moreover, CPP can readily be applied objectively since all measurements relate to the past.

CCA concepts are much more difficult to apply in practice which is why the CCA standard gets into such tortuous convolutions when it seeks to give practical guidance as to how measurements are to be made.

Maintenance of capital intact clearly does not involve maintenance of the same or similar physical assets — technological development sees to this—so the instructions for using specific indices have to be modified in ways which cannot be defined objectively to try to offset the effects of technological progress. Alternatively, the principle of the maintenance of physical capital intact is dropped, and the idea of the maintenance of earning power is substituted. While this is better as a concept, it necessarily involves a view of the future and, therefore, cannot be objectively applied. Certainly the accountant, as such, has no place as a servant of management in attempting such measurements. They are the very essence of management itself.

It must be recognised that CPP profits and CCA profits are very different animals (assuming that they can both be measured accurately). CPP profits are real profits after allowing for changes in the value of money; CCA profits are monetary profits after allowing for changes in the value of the assets or, as is more commonly said, CPP is an adjustment for inflation, CCA is not.

A. G. Watts,
*1 Ravenstone Court,
Portsmouth Road,
Surbiton, Surrey.*

Dealing with youth unemployment

From the Assistant Director, Social Affairs Unit

Sir,—I was pleased to see your report (May 24) of our book "Educated for Employment?" I would like, however, to add by way of correction that the very substantial public support we reported was for a national scheme of community service, such as that proposed by Youth Call. About recent proposals for more and more of the same old prescriptions for dealing with youth unemployment — industrial training, further education, etc — I am very sceptical. We need a new and bold initiative.

David Marsland,
*The Social Affairs Unit,
2, Lord North Street, SW1.*

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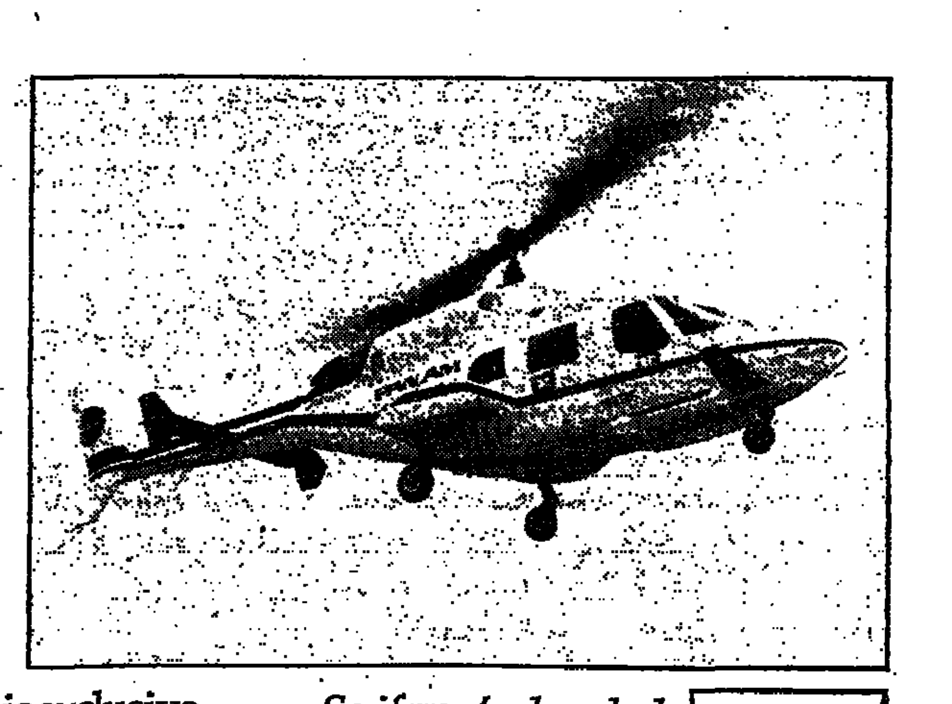

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Beecham surges to £202m

PROFITS BEFORE tax of the Beecham Group expanded sharply from £150.6m to £201.9m for the 12 months to March 31 1982 on sales well ahead at £1.41bn, compared with £1.19bn.

At the trading level profits were £45.2m higher at £204.6m but these were subject to interest charges of £8.4m this time, against £10.4m previously.

At six months the group, which is engaged in the manufacture and sale of pharmaceuticals and animal and consumer products, returned taxable profits of £81.6m (£64m restated).

It is pointed out that movements in exchange rates during the 1981-82 year had the effect of increasing overseas companies' sales and pre-tax profits by £65m and £15.5m respectively.

The final dividend is being stepped up from 3.096p to 4.3p, which raises the net total by 1.33p to 8p per 25p share—the shares issued in March in respect of the company's conversion of the balance of its 5 per cent convertible unsecured loan stock 1984-94 do not rank for the final payment.

Earnings per share are given as 18.22p (15.55p) on a net basis and at 19.75p (15.51p) on a nil dividend basis.

HIGHLIGHTS

Lex today looks at BP, where profits on a replacement cost basis have risen in the first quarter from £28m to £102m. It also considers the full-year figures from Beecham, which increased profits from £151m to £202m pre-tax, helped, in part, by the weakening of sterling and good volume growth in pharmaceuticals and consumer products. The column goes on to discuss the move by Electronic Rentals to raise some £35m by acquiring and liquidating London and Montrose Investment Trust and the effect on the group's balance sheet and its relationship with Philips, a major shareholder. Finally Lex examines the Bank of England's new paper on the prudential control of discount houses which, by a new system of multipliers, restricts their ability to carry high risk assets.

The taxable surplus included a share of the profits of associates £1.1m higher at £5.7m but the tax charge for the year rose from £61.9m to £82.4m leaving the net balance at £119.5m (£88.7m).

Minorities were the same at £0.5m and at the attributable level profits were £30.5m ahead at £119m, from which dividend payments absorb £52.3m (£43.5m).

CCA adjustments reduce the pre-tax figure to £163m (£116.7m) and earnings per share on a net basis to 12.31p (8.67p) and to 13.84p (10.94p) on a nil dividend basis.

A net exchange gain of £11.9m (£9.2m loss), relating to the net tangible assets of subsidiaries and associates and to non-sterling long-term liabilities, and £2.2m (£2.1m), relating to premiums on shares issued, have been transferred direct to reserves.

The group's balance sheet shows that capital employed has increased to £858.4m, including loans amounting to £196.9m. The increase of £112.6m has been employed in net current assets £61.3m, including an increase in net liquid funds of £17m, in fixed assets £45.8m and in other items £5.5m.

See Lex

Century Oils £1m higher

TAXABLE PROFITS of Century Oils Group increased from £3.04m to £4.1m for the year ended March 31, 1982, with second-half figures ahead at £2.03m, against £1.48m last time. Sales for the 12 months advanced by £15.33m to £67.51m.

The final dividend is being raised from 2p to 2.4p net making a total payment of 3.4p, against 2.8p previously. Stated earnings per 10p share improved from 10.28p to 10.51p.

At the operating level, profits expanded from £4.21m to £5.57m, before higher interest charges of £1.46m (£1.17m). Tax rose sharply from £0.84m to £1.97m and there were minority credits of £282,000 (£131,000).

In current cost terms, pre-tax profits were £3.55m (£1.79m).

The company is engaged in the manufacture of lubricants, industrial hygiene products and engine coolants.

● comment

Century Oils has chugged out of the recessionary doldrums by developing more markets and promoting new products. Overseas sales have led the way with a 66 per cent surge in the year and now account for two-fifths of Century's overall business. Profits overseas, however, have not kept pace. Once the U.S. mining strike was settled, the group has been hit by climbing interest rates and the onslaught of the American recession. Disruptive Australian strikes let up only a month before the end of the financial year. Even so, overseas activities kicked in a fifth of operating profits and hold out reasonable potential for growth in the current year. Century says it is smelling a whiff of recovery among its broadly-based customers. Orders have been marginally increasing and the trend has been wafting into the current year. This, plus the group's further recovery prospects, have been propelling the shares. Yesterday, 87p unchanged, they are still at a 1981-82 high. The improved dividend gives the shares an historic yield of around 5 per cent.

BP drops to £91m in first quarter

FOR THE first quarter of 1982, net income of the British Petroleum Company, Britain's largest company, has fallen sharply to £91m, compared with £396m for the same period last year. Earnings per 25p share are stated at 5p, against 24.3p last time.

Oil production activities in the North Sea and Alaska continued to make a significant contribution to group results and operating profits from exploration and production showed an increase from £188m to £258m.

The improvement in European oil trading, apparent towards the end of 1981, was not sustained during the period under review, although worldwide group oil trading activities on a replacement cost basis operated close to break-even. In historical cost terms, however, there was a loss of £68m, against profits of £183m in the first quarter of 1981.

Operating profits of Sohio, BP's U.S. affiliate, dropped from £555m to £454m, mainly because of lower sales prices for Alaskan crude, FIFO stock losses and higher exploration expenditure written off as a consequence of its increased exploration programme.

Sohio's share of Alaskan production, including royalty oil, increased marginally to 810,000 barrels per day. Results of Sohio's other activities reflected the generally depressed business environment. In addition, Sohio's interest expense increased and its contribution to group net income fell from £175m to £110m.

Losses continued in chemicals where the first quarter deficit amounted to £46m, against £37m last time. At BP Chemicals International, demand remained at a low level during the quarter with sales in Northern Europe being affected by severe weather and in the UK also by the rail strikes.

Feedstock prices on the spot market fell significantly throughout the period putting downward pressure on market prices for ethylene and its derivatives. This together with the surplus petrochemical and thermoplastic capacity, which continues to overhang the market, meant margins were little changed from the preceding quarter.

However, there are signs that plant closures within the industry are beginning to accelerate and within BP, cost reduction programmes and rationalisations are being actively pursued.

In the minerals business, depressed prices and increased write-offs of exploration expenditure were the principal factors leading to an operating loss of £7m, against a £2m profit in the corresponding period last year. Coal sales at 2.8m tonnes were marginally higher than in the same quarter of 1981 while the operating result was break-even (£1m loss).

On a replacement cost basis, after adjusting for current cost of sales less minority interests, net income for the quarter was £102m (£28m). Current cost net income was £6m (£38m).

Capital expenditure for the three months totalled £679m (£534m), of which £339m (£137m) was undertaken by Sohio. The majority of this expenditure was on development of the group's production interests in the North Sea and Alaska together with a continuing high level of worldwide exploration.

The group's share of production from the UK North Sea averaged 483,000 barrels per day for the quarter, compared with 544,000 barrels per day in the first quarter of 1981.

At BP Oil International, during the first quarter, there was considerable de-stocking worldwide reflecting the commercial situation. Since then a surplus of crude and products had eased, spot prices have consequently increased and, with falling supplies in recent months in part attributable to the reduction in Opec production, some improvement in the market is seen. There has also been some strengthening of European currencies against the dollar.

The closures have now been confirmed of the refinery at Dinslaken in West Germany and the Dunkirk main products refinery in France. The financial effects of these closures are not yet fully determined and will be dealt with as extraordinary items in the annual accounts for 1982.

See Lex

Greenfields back in the black

IN THE half year to April 30 1982, Greenfields Leisure has returned to profitability with a pre-tax profit of £30,000 for the period, compared with a loss of £852,000 last time.

The improvement reflected in the interim figures is being sustained. Mr R. I. Greenfield, the chairman, says that full year results are expected to show further progress which the board hopes will lead to an early return to dividends at previous levels.

After omitting the interim dividend last year, there is an interim payment of 0.25p for the current year—the 1980-81 final was 0.5p and the pre-tax deficit totalled £1.57m.

Turnover of this retailer and wholesaler of leisurewear and camping equipment increased from £8.47m to £10.32m.

After tax of £8,000 (nil) stated earnings per 10p share were 0.03p (6.5p loss). Provision has been made for tax on foreign profits, but no provision has been made for UK corporation tax as there is loss relief available to offset any potential liabilities.

Last year there was an extraordinary credit of £35,000.

Interest charges increased from £477,000 to £520,000 and depreciation took £306,000 (£312,000).

Pre-tax profits included this time a £43,000 surplus on property disposals.

● comment

Greenfield's return to profits can be simply explained: a 22 per cent increase in sales on top of benefits from last year's cost cutting. The sales increase represents volume growth—prices are still virtually impossible to shift. The arctic winter was certainly a boon for Greenfields' outerwear products; camping equipment would benefit similarly from a long hot summer. Meteorology apart, the labour costs at 12.5 per cent of turnover, as opposed to 20 per cent in the comparable period, should add some much needed width to wafer-thin margins. The net short term debt of about £4m is a weighty cross to bear, but the company believes that, aided by heavy stock reductions in the summer season, this figure will be halved. A final pay out of at least ½p is on the cards, yielding 3.2 per cent on a share price of 34p, unchanged. A couple of weeks ago Nottingham Manufacturing, the rich textile company, acquired a near 10 per cent stake in the equity.

Receivers for J. Frankel Aluminium

Mr Ian Bond and Mr David Corney of chartered accountants Deloitte Haskins and Sells have been appointed joint receivers of J. Frankel (Aluminium). They are seeking to find a buyer for the assets and business on a going concern basis.

Frankel, established for over 40 years, recycles scrap aluminium to produce high grade aluminium alloy ingots.

ERG raising £35m by purchase of trust

BY RAY MAUGHAN

Electronic Rentals Group, the television and video recorder hirer, is planning to raise about £35m for the continued development of the video market and the pursuit of the widening range of electronic products currently available to the business market, which are expected to become available to the private consumer.

Rather than raise the required funds through the conventional route of a rights issue to existing shareholders, ERG proposes to acquire an investment trust and subsequently liquidate its assets.

Sifting through the vehicles within the target £20m-£50m range of asset backing, ERG has alighted on one of the trusts which the management group, Robert Fleming, had already decided to convert to unit trust status and is consequently preparing to acquire London & Montrose at a value which will depend on the asset backing attributable to ordinary shares on the day the offer is declared unconditional.

For each London & Montrose ordinary share, ERG is offering its own ordinary shares to the value of 111.765 per cent of the net asset value of the trust subject to a maximum asset value of 154p.

To the extent that the value of the assets exceeds that maximum on the relevant day, ERG will pay cash equal to 100 per cent of the excess from its own resources.

Taking the estimated asset value of the trust shares at May 26 of 144p per share, or £34.6m in total, the offer values the trust at £38.7m on the basis of ERG's mid-market share price of 76p, ex the proposed final dividend, on June 2. The bid would be worth 161p per share and would involve the issue of 50.82m new ERG ordinary shares.

The maximum number of new shares which would be issued is 54.35m and would represent around 23 per cent of ERG's enlarged share capital.

Morgan Grenfell is to make available a cash alternative to accepting London & Montrose shareholders at 68p per ERG ordinary share.

Four major institutional investors have given irrevocable undertakings to accept the offer in respect of an aggregate 35.5 per cent of the trust's equity.

The offer will be conditional, among other things, on the approval of ERG shareholders at an extraordinary meeting and Philips Electronic and Associated Industries, the major Dutch consumer products, has expressed its support for the acquisition in respect of its 32.4 per cent stake in ERG. It has indicated that it does not intend to apply for new shares and its holding will be diluted to just over 25 per cent.

The effect of the issue, taking London & Montrose assets at their May 26 value, would be to reduce ERG's debt to under £40m and to increase shareholders' funds (including subordinated debt) to over £100m.

A digest of the balance sheet at March 31 1982 shows borrowings and bills of £73m while ERG's net worth is £58m. Subordinated debt is shown additionally at £10m.

Pre-tax profits for the year improved from £14.74m to £18.56m after a £1.8m fall in interest payments to £11.34m and exceptional redundancy and factory rationalisation costs of £2.27m against £78,000.

Extraordinary items, shown after tax and minority items, amounted to a credit of £314,000 after the major provisions incurred in the previous year, relating to the intended disposal of the Europleasure and Dudes subsidiaries within the camping and leisure division. However, the remaining operations in this category have also suffered deteriorating trading conditions and a decision has been made, after discussions with the executives of the companies concerned, to withdraw from these activities.

Payment of a proposed final dividend of 3.143p per share adds to the declared interim of 1.1667p.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Airflow Streamlines	0.25	—	Nil	0.25	0.1
Beecham Group	4.3	Aug 20	3.57	8	6.67
Century Oils	2.4	Aug 7	2	3.4	2.8
Clyde Blowers ...int.	0.83	—	0.83	—	5.64
Greenfields Leisure int.	0.25	July 9	Nil	—	0.5
Hickson & Welch ...int.	2.5	Aug 31	2.5	—	7.5
Keystone Inv. ...int.	4	July 7	3.64*	—	9.64*
Mountview Ests.	2.5	Aug 6	2.2	3.2	2.9
Prop. & Reversionary	2.3	—	2	3.3	3
Rowlinson	0.43	—	0.43	0.61	0.61
J. Smart & Co. ...int.	1.1	July 12	1	—	3.6
Spring Grove ...int.	1.5	July 7	1.5	—	4
Tanks Cons. ...2nd int.	30	June 15	10	35	14
UBM	1	July 16	1	2	3

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § Final 2.85p anticipated.

Mountview Estates improves

TAXABLE PROFITS of Mountview Estates, a property dealing and investment company, advanced from £2.29m to £2.79m for the 12 months to March 31 1982 on higher turnover of £4.11m, compared with £3.54m.

Stated earnings per 5p share emerged well ahead at 26.69p (21.97p) and an increased final dividend of 2.5p (2.2p) raises the net total by 0.3p to 3.2p.

The pre-tax figure was after interest charges of £66,000 (£8,000) but included interest received of £11,000, against £8,000.

Tax charge rose from £1.19m to £1.45m.

Keystone Inv.

Gross income of Keystone Investment Company rose from £482,000 to £503,000 for the six months to April 30 1982 but net revenue came through virtually unchanged at £286,000, compared with £285,000, after tax of £137,000, against £122,000.

However, the net interim dividend is being effectively raised from 3.6363p to 4p per 50p share, after adjusting for the one-for-ten scrip.

J. Smart raises interim but warns about trading

IN THEIR interim statement the directors of building and public works contractor J. Smart & Company (Contractors) warn that turnover is running at approximately 10 per cent below the level of last year.

They add that while the group continues to obtain a reasonable share of the available work, there are no signs of any significant upturn in demand on the contracting side. However, they point out that demand in the private housing market has revived to some extent and, if sustained, should compensate for the downturn in contracting.

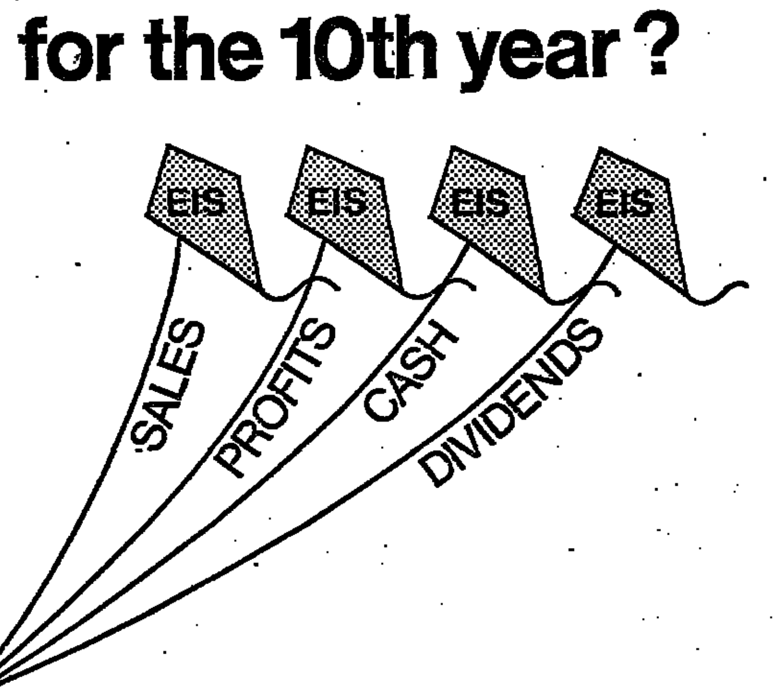
Although no midyear figures are given the directors estimate that pre-tax profits for the year to end-July 1982 will be not less than £1.46m, compared with £1.52m, made up of trading profits of £1.38m (£1.48m) and a profit from the sale of investments amounting to £80,000 (£38,728).

Meanwhile, they are raising the net interim dividend from 1p to 1.1p per 10p share and expect to recommend a final of 2.85p (2.6p). Holders of some 50 per cent of the shares have waived their entitlement to the interim payout.

SPAIN

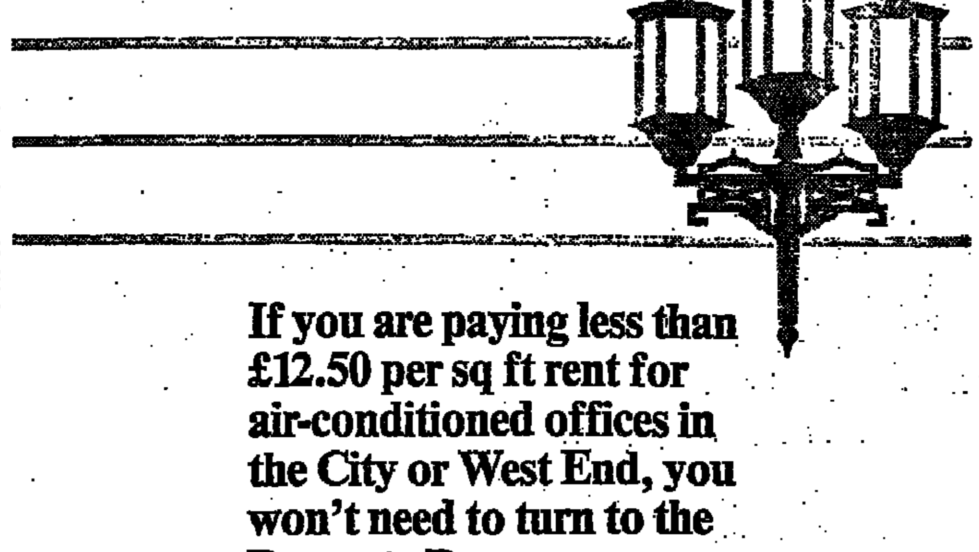
June 3	Price %	+or−
Banco Bilbao	354	+2
Banco Central	340	+3
Banco Exterior	309	+3
Banco Hispano	316	
Banco Ind. Cat.	114	
Banco Santander	329	+2
Banco Urquijo	193	+4
Banco Vizcaya	388	+1
Banco Zaragoza	250	+1
Dragados	138	−2
Espanola Zinc	70	
Fecsa	66	+0.5
Gal. Preciados	33	
Hidrola	67.2	
Iberduero	61.5	−0.5
Petroleos	92	+2
Petroliber	99	
Sogefisa	10	
Telefonica	70.5	−1.0
Union Elect.	62.7	

What's UP at EIS for the 10th year?



At the Annual General Meeting of EIS Group P.L.C. held on 3rd June the Chairman, Mr. M.O. Walters, reported that results for the first quarter are on target and that 1982 is expected to be another year of progress.

If you want to know what's UP at EIS write to the Secretary, 6 Sloane Square, London SW1W 8EE for a copy of the Report and Accounts or telephone 01-730 9187



If you are paying less than £12.50 per sq ft rent for air-conditioned offices in the City or West End, you won't need to turn to the Property Page.

J. SMART & CO. (CONTRACTORS) PLC

Interim Statement

At a Board Meeting on 3rd June, 1982, the Directors declared an Interim Dividend per share of 1.1 pence nett (1.0 pence) due payable on 12th July, 1982, in respect of the year ending 31st July, 1982. Members holding approximately 50% of the shares have waived their right to this Interim Dividend.

It is estimated that for the current year Group Profits before Tax will not be less than £1,460,000 (£1,516,759) made up of Trading Profits of £1,380,000 (£1,478,031) and Profit on Sale of Investments, etc., £80,000 (£38,728).

Turnover in the current year is running at approximately 10% below the level of last year. While the Group continues to obtain a reasonable share of the available work, there is no sign of any significant upturn in demand on the contracting side. Demand in the private housing market has revived to some extent and, if sustained, should compensate for the downturn in contracting.

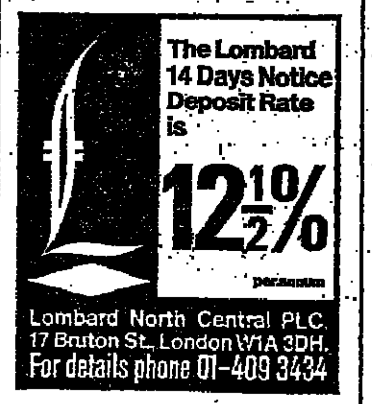
Subject only to unforeseen circumstances, the Board will recommend to the Shareholders, in due course, that the Final Dividend per share for the year to 31st July, 1982, be 2.85 pence nett (2.6 pence).

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB — Telephone 01-621 1212

1981-82 High	1981-82 Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
120	120	Ass. Brit. Ind. Ord.	120	—	6.4	5.3	10.9	13.4
130	100	Ass. Brit. Ind. CULS	128	—	10.0	7.8	—	—
75	62	Airsprung	74	—	6.1	8.2	8.4	14.5
51	33	Armitage & Rhodes	43	—	4.3	10.0	3.6	8.1
212	187	Bardon Hill	212	+1	9.7	4.6	10.3	12.5
108	100	CCL 11pc Conv. Pref.	108	—	15.7	14.5	—	—
265	240	Cindico Group	265	—	26.4	10.0	10.7	12.0
104	61	Deborah Services	61	—	6.0	9.8	3.0	5.7
131	97	Frank Horsell	130	—	6.4	4.9	11.7	24.1
83	39	Frederick Parker	75	—	6.4	8.5	3.8	7.3
78	46	George Blair	54	—	—	—	—	—
102	93	Ind. Precision Castings	99	—	7.3	7.4	7.1	10.8
110	100	Isis Conv. Pref.	110	—	15.7	14.3	—	—
113	94	Jackson Group	106	+1	7.5	7.1	3.3	6.8
130	108	James Burrough	114	—	8.7	7.6	8.3	10.5
334	232	Robert Jenkins	232	−2	31.3	13.5	3.2	8.2
67	51	Scruttons "A"	67	—	5.3	7.9	12.9	12.0
222	159	Torday & Carlisle	159	—	10.7	6.7	6.1	9.5
15½	10	Twinlock Ord.	15½	—	—	—	—	—
80	66	Twinlock 15pc ULS	76xd	—	15.0	19.7	—	—
44	25	Unilock Holdings	25	—	3.0	12.0	4.6	7.8
103	73	Walter Alexander	83	−1	6.4	7.7	5.5	9.7
263	212	W. S. Yeates	234	—	14.5	6.2	6.1	12.3

Prices now available on Prestel page 48146.



AB ELECTROLUX

Longer-term optimism

At the Annual General Meeting of AB Electrolux, held in Stockholm on Thursday, May 27, 1982, a dividend of S.Kr. 8.00 per share was approved (1980: S.Kr. 7.50), payable on June 3, 1982.

In his address to the shareholders, the Managing Director, Mr. Anders Scharp, stated that the Group's sales had increased by 14 per cent in the first quarter compared with the same period in 1981. Profit after financial items, excluding Gränges, was broadly the same as in 1981. Gränges sales in the first quarter of 1982 were successful and increased by 21 per cent but the results had weakened compared to the first quarter of 1981 as a result of pressure on margins, due to a general over-production.

For 1982 as a whole, the consolidated profit, excluding Gränges, is expected to be better than in 1981. As regards Gränges, prospects are more difficult to judge, as the result to a great extent is dependent on world market prices for aluminium and copper alloys. The estimate is, however, that Gränges earnings will improve progressively during the year.

As regards the longer term, Anders Scharp was optimistic about the Group's prospects. The action taken in the various business sectors of the Group to improve results will lead to higher consolidated earnings, even though many of the changes will take some time to implement.

Meanwhile, efforts are being made to increase the rate of capital turnover. With an estimated growth rate of 10-15 per cent per year, net financial items are expected to decrease as a proportion of net sales, even though the volume of borrowing will rise in absolute terms.

In the view of Anders Scharp, the average return on equity of the Group as a whole can be expected to be around 15 per cent (after 50 per cent standard tax) over an economic cycle.

Mr. Gösta Bystedt, Group Chief Executive, reported on the Group's progress, which has been marked by heavy expansion, diversification and restructuring over the past 15 years. The Company's acquisitions over the period, which led to higher production volumes and market shares were fully necessary in order to reduce the risk exposure by means of structural improvements. As this risk exposure now has been brought into acceptable balance, the period of wide-ranging Company acquisitions can be regarded as completed. Some divestments may, however, be made of activities and units that do not fit naturally into the Group's principal fields of business.

Electrolux shares are quoted on the London Stock Exchange and the price listed daily in this paper. Copies of the Annual Report for 1981 in English will be available about mid-June from Baring Brothers & Co., Limited, 8 Bishopsgate, London EC2N 4AE.

Electrolux

Brasilvest S.A.

Net asset value as of 27th May 1982

per Cr$ Share: 124.94

per Depositary Share: U.S.$8,887.14

per Depositary Share: (Second Series) U.S.$8,345.57

per Depositary Share: (Third Series) U.S.$7,102.18

per Depositary Share: (Fourth Series) U.S.$6,634.95

LADBROKE INDEX

Close 583-588 (+1)

THE TRING HALL USM INDEX

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Close of business 3/6/82

BASE DATE 10/11/80 100

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MINING NEWS

Chemical Bank still bullish for Australia

BY KENNETH MARSTON, MINING EDITOR

IN RECENT times there has been a certain amount of second thoughts on the earlier optimistic forecasts of the second leg of Australia's natural resource investment boom.

Indeed, a survey by the Australian Federation of Construction Contractors has just reached the conclusion that new investment in the country's minerals and energy boom has peaked and is on the way down.

America's Chemical Bank, however, takes the view that although the earlier projections may have been over-optimistic for the short term, "Australia will enjoy a sustained high level of investment in resource development through the year 2000."

In its study "Australia: Energy and Mineral Developments—The Next 20 Years," authors M Desmond Fitzgerald and Gerald Pollio estimate that total investment spending in the resource sector will amount to U.S.$11.8bn (£6.6bn) at 1980 prices in 1981-85, $11.3bn in 1986-90 and will accelerate to $31.9bn in 1991-2000.

It is expected that the biggest share of investment will go to the aluminium, alumina and bauxite industries with a resultant rise in Australian exports of primary aluminium from the current annual rate of 210,000 tons to 2.5m tons in 1991-2000. Coal exports are also expected to rise very rapidly, from 70m tons to 113.5m tons in the 1990s.

Some 40-45 per cent of the total investment spending is expected to be provided by overseas capital. This is not thought likely to cause any financing problems in international markets.

Resource investment is expected to benefit Australia's balance of payments by over $100bn through to the end of the centry, but it is thought that the country will retain a well-diversified economy and will thus not become over-dependent on world energy and mineral prices.

So far, so good. But what of Australia's troubled labour relations which are causing so much concern at the moment?

The report sees little evidence that the incidence of disruptive strikes has been any greater in recent times than in the 1970s or that labour disputes over the past decade have affected the overall level of investment spending.

This still leaves the problem of wage inflation and its impact on production costs. The report comments that signs of a move to a more decentralised system of wage bargaining and also of a greater awareness of the overall needs of the economy suggest that a new mood of reality in industrial relations is beginning to emerge.

Given the development by the Australian Government of a more consistent approach to labour negotiations and some decentralisation of wage bargaining "we see no reason to expect the state of labor relations to form a significant impact on the pattern of resource development in Australia," says the report. Let us hope that these views are borne out.

Little Long Lac starts nationalisation moves

THE RATIONALISATION programme at Canada's Little Long Lac Gold Mines has taken a further step nearer completion with the news that four of the companies within the group have agreed to transfer their assets to the main holding company, Long Lac Minerals.

The programme is aimed at streamlining the group's operations by reduing the number of operating subsidiaries. Little Long Lac accounts for about 10 per cent of Canada's gold production.

The four group companies which are transferring their assets are Willroy Mines, Les Terrains Auriferes Malartic (Quebec), Les Mines Est-Malartic and Long Lac Mineral Exploration. In return, they will receive just under 12m shares in the holding company, which are currently trading at C$4.25 (£2).

Following the transfers, Long Lac Minerals plans to pay a dividend of 15 cents a share on June 18.

Group profits will of course be lower this year, in line with the reduced gold price, but the effects of this will be mitigated by Little Long Lac's success in achieving advantageous prices for forward sales of the bulk of production.

These sales provide a guaranteed level of income, and are especially beneficial at times of falling prices.

In 1980, the boom years for bullion prices, the group received C$537 per ounce, but this figure rose to C$717 in 1981, well above the average price available on the free market. Little Long Lac has sold forward a total of 119,000 ounces this year at C$630, or U.S.$507. This compares with yesterday's price of around U.S.$320.

Buffels pays 280c final

THE South African gold mining industry's June half-year dividend reported season is ushered in with some better than expected payments from the Gencor group.

Buffelsfontein shows up well with a final dividend of 280 cents (145p) which makes a total of 540 cents for the current year to June 30 compared with 710 cents in the previous year when, of course, gold prices were much higher.

Stilfontein has also done well with a final payment of 100 cents which makes a 1981-82 total of 280 cents against 430 cents. Not surprisingly, the struggling West Rand Consolidated has decided not to declare an interim for 1982 after having paid a total of 15 cents for last year.

Of the group's coal companies, Trans-Natal is lifting its final to 35 cents which makes a 1981-82 total of 60 cents against 38 cents for the previous year while Clydesdale (Transvaal) is paying a final of 47.5 cents to make 75 cents against 60 cents.

Cons. Murchison interim

NOW in the throes of one of its downturns South Africa's antimony-gold producing Consolidated Murchison has decided not to declare an interim dividend for this year. During the first quarter the mine made a loss of R741,000 (£382,900) following a net profit of R4.65m for the previous full year.

Despite poor prices for antimony last year, Murchison lifted its earnings with the aid of a good income from its by-product gold production and double its dividend to 60 cents. Since then, however, the company has had to live with low prices for both metals.

Of other mines in the Anglovaal group, the gold and uranium producer, Hartebeestfontein, is declaring a final dividend for the current year to June 30 of 275 cents to make a total of 650 cents for the year. This compares with a total of 1,025 cents for the previous 12 months.

BANK RETURN

	Wednesday June 2 1982	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	41,449,572	+ 1,762,777
Bankers Deposits	576,665,014	— 77,593,329
Reserve and other Accounts	1,784,713,889	+ 33,742,315
	2,417,381,475	— 42,088,239
Assets		
Government Securities	626,923,755	— 19,170,000
Advances & other Accounts	1,137,674,148	+ 21,437,028
Premises Equipment & other Secs.	635,170,333	— 39,654,296
Notes	17,275,625	— 4,789,309
Coin	338,614	+ 88,338
	2,417,381,475	— 42,088,239
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,875,000,000	+ 75,000,000
In Circulation	10,857,724,375	+ 79,789,309
In Banking Department	17,275,625	— 4,789,309
Assets		
Government Debt	11,015,100	—
Other Government Securities	3,340,854,257	+ 120,765,388
Other Securities	7,523,130,643	— 45,765,388
	10,875,000,000	+ 75,000,000

UBM Group shows sharp decline into £2m loss

A SEVERE downturn has been shown in the pre-tax results for UBM Group, builders merchant, for the year to February 28 1982. The figure fell from a profit of £2.67m into losses of £2.03m on sales ahead from £231.06m to £260.16m.

At half-way, the company reported a pre-tax loss of £0.83m (£2.33m profit).

The final dividend has been held at 1p net, which gives a total for the year of 2p, against 3p previously. Losses per 25p share were given as 1.6p (earnings 3.3p).

The directors say that all divisions suffered from intense competition and depressed trading conditions. They can only foresee a slight improvement in market conditions during the current year.

They say they are determined to improve the group's trading position and to reduce borrowings. During the year group net borrowings rose from £5.6m to £25.5m, mainly due to investment and increased working capital in the merchants' division, and the purchase of a holding in Neiman-Reed. The restructuring of the merchants' division will release a significant amount of capital.

In the current year they add that substantial sums will be realised from the sale of surplus properties.

At the trading level there were profits of £2.64m (£5.46m).

A breakdown of trading profits by division shows: builders' merchants £872,000 loss (£2.19m profit); glass £234,000 (£211,000); scaffolding £181,000 loss (£1.47m profit); motors £1.12m (£1.1m); overseas £892,000 (£381,000); Neiman-Reed £1.55m (nil); other activities £93,000 (£116,000).

The results of Neiman-Reed Lumber and Supply Company are included for the seven months from the date of acquisition. The net profit attributable to the group is £289,000.

Pre-tax profits were struck after increased rents of £2.43m, against £1.07m and interest up from £1.72m to £2.24m.

There was a tax credit this time of £1.37m against a previous charge of £743,000. The restructuring of the merchants' division produced an extraordinary debit of £3.33m, compared with a credit of £186,000.

On a CCA basis pre-tax losses of £4.3m (£0.3m) were shown.

● comment

The massive cutbacks at UBM involving the closure of 23 branches and two of its four warehouses in the mainstream merchanting division, and the shedding of 800 of the 6,000 workforce, sounds harsh medicine. The company says it was necessary to restore margins and put the group back on course for profit at the end of the current year — though not by half-time. Reshaping should overcome the historically fragmented management structure and most of the retreat has been on its weak performing fronts in the Midlands and Yorkshire. Asset disposals should continue to benefit borrowings, now down from £13.6m two years ago to around £7m but interest rates will remain a key factor. With a company where a 1½-point slide from a target 26 per cent gross margin can knock £3m off the profit line, the reduction in overheads is essential to recovery but for tradesmen, service is important and it could be that the treatment has been too severe for the patient to return to its former peak of condition. Whatever else with the share price yesterday 57p unchanged, standing at some 40 per cent discount to net asset value the medicine must work quickly to keep the vultures away.

Spring Grove setback

FIRST-HALF taxable profits of Spring Grove, which operates as a management and development company within the service industries, declined from £1.5m to £1.29m despite lower interest charges of £291,000, against £330,000.

Turnover for the six months to April 2 1982 was also down, slipping from £12.03m to £11.61m.

However, after a smaller tax charge of £285,000 (£516,000) stated earnings per 10p share came through at 4p (5.5p) and the net interim dividend is being held at 1.5p—a final of 2.5p was paid for 1980-81.

Extraordinary debits for the half year totalled £134,000 (£63,000).

Mr George Robinson, the chairman, said he believed the group was very well positioned and was stronger and more efficient than a year ago.

BAIRSTOW EVES

The offer for sale of 7m shares in Essex-based estate agency Bairstow Eves, closed yesterday "heavily oversubscribed."

The offer, at 46p a share, raised £3.22m and valued the company at £8.8m. At that price the company came on a fully taxed prospective p/e of 11.2 and yield of 5 per cent.

Hickson ahead at £3.83m

IMPROVED pre-tax profits were shown by Hickson and Welch (Holdings) for the six months to the end of March 1982, rising from £2.21m to £3.83m. Turnover of this holding company with interests in chemicals, timber products and building materials, moved ahead by £8.39m to £50.97m.

The net interim dividend has been held at 2.5p. In the last full year a total of 7.5p was paid from pre-tax profits of £628m.

Half year earnings per 50p share are given as rising from 6p to 12p.

Pre-tax profits for the six months included increased investment income of £175,000, against £155,000 and lower associate profits of £22,000, compared with £115,000. Interest payments rose from £384,000 to £415,000. Last time there were redundancy and termination costs of £128,000.

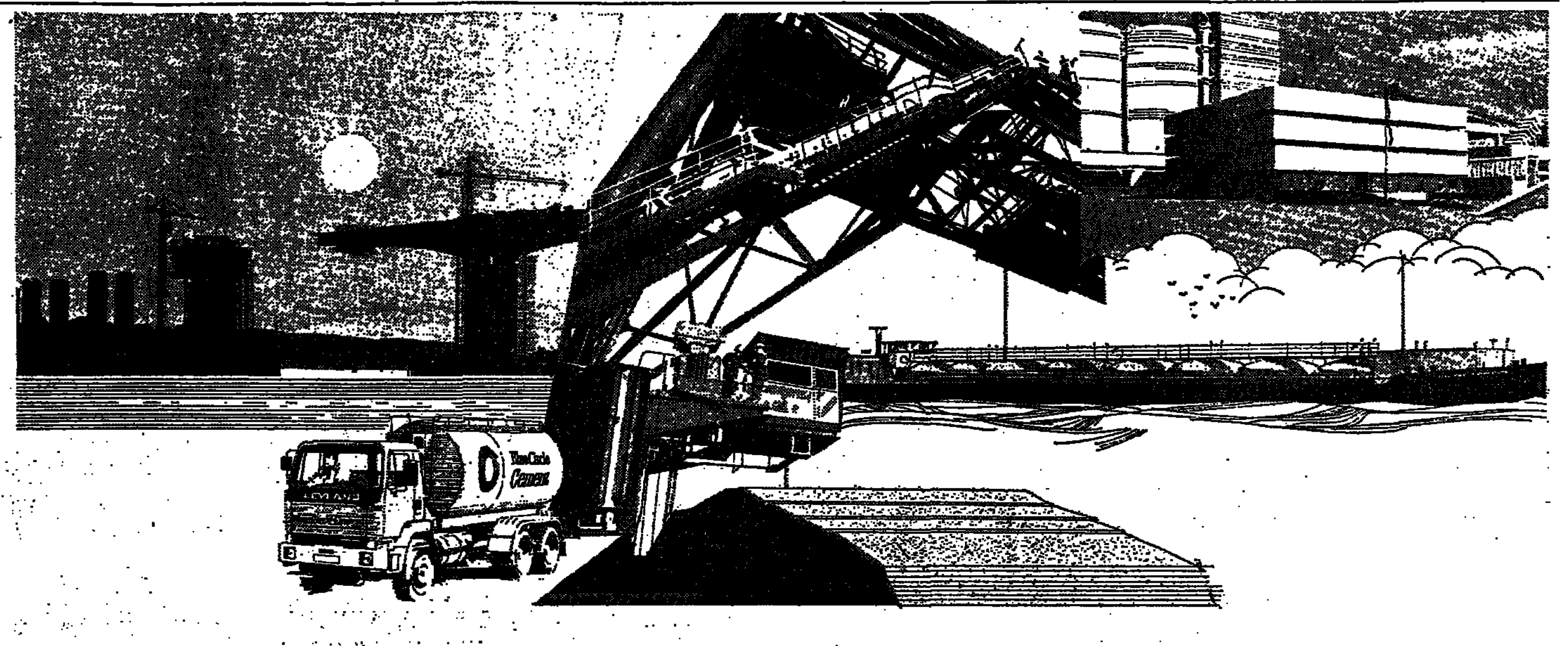
Tax took £1.52m (£976,000).

● comment

Although Hickson & Welch shows a 73 per cent increase in interim pre-tax profits, in many ways the picture is the same as it was in the comparable period, namely: chemicals depressed and timber products making all the running. After the partial recovery in chemicals in the second half of last year, the return to losses on the organic side is disappointing. The deepening recession in the U.S. is partially responsible; another factor is the intense competition on the price front from West German producers. Fortunately Hickson has been expanding its interests in timber treatment, particularly in South Africa and New Zealand. In 1977 timber products represented about one-quarter of profits, but with interim profits in this field up over 60 per cent to £2.9m, they now represent almost three-quarters of total profits. The company expects chemicals to match last year's £1.1m profits, and together with continued progress on the timber side this should enable Hickson to make around £8m this year. The share price closed 5p up at 265p, an all-time high, yielding 4.1 per cent assuming no increase in the final.

BOND CORP. HLDGS.

The Bond Group of Companies has sold its shareholdings in Reef Oil and Basin Oil through the market and has consequently withdrawn its proposed takeover offers for the shares not held by it.



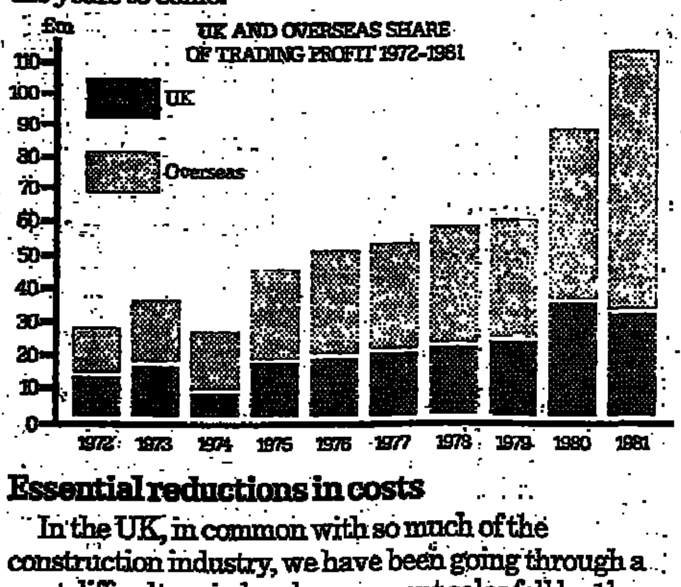
Blue Circle Industries: Looking forward with confidence and optimism.

Points from the address by the Chairman, Sir Rowland Wright, to the Annual General Meeting on June 3.

At the last Annual General Meeting I was able to report to you that Group pre-tax profits had increased by 51 per cent over the previous year. It is now again my pleasure to report a further substantial increase—this time by 31 per cent—which makes our profits in 1981 more than double the level achieved two years ago. Over this two year period our share capital has been increased by a Rights Issue and by a share issue for the acquisition of Armitage Shanks. Despite this our earnings per share have increased from 34.1 pence to 48.1 pence. I believe this increase of 41 per cent has justified the confidence and support we have enjoyed from our shareholders.

Strong growth in overseas operations

Last year I reported that the increase in profits had come from overseas—this pattern was repeated in 1981. Over the last few years our subsidiary and associate companies overseas embarked upon a very large capital expenditure programme which has enabled the Group to keep pace with the resultant growth in demand for cement, and during the last two years we have brought into production some 4½ million tonnes of additional cement manufacturing capacity. Much of this was only commissioned in the course of 1981 and has not yet fully contributed its potential. There is a further 4½ million tonnes now in the course of construction or out to tender. As these projects come on stream and as markets in these territories grow—as they must—so we stand to reap the benefit in the years to come.



Essential reductions in costs

In the UK, in common with so much of the construction industry, we have been going through a most difficult period and our cement sales fell by 1½ million tonnes last year. Over the last two years this means a total fall in sales of over 2¼ million tonnes, which is equivalent to the output of two large works.

Whilst I cannot claim that we expected a fall of this magnitude, we did take early steps to meet a serious decline in demand. We have reduced cement manufacturing capacity by closing our plant at Humber, ceasing to make grey cement at Swanscombe and taking out of production half the capacity of the large Northfleet Works. More recently we have also closed one of the two kilns at Plymouth Works. Even after these closures we will have sufficient spare capacity to service any foreseeable upturn in the UK market. These measures have inevitably been accompanied by early retirements and redundancies. Strenuous efforts have been and are being made to reduce the level of manning, both operating and administrative. My great regret is that these measures involve the loss of so many jobs but it is nonetheless imperative that we seek every means to reduce costs in the present adverse environment.

In order to maintain profitability, it is necessary to reduce costs wherever opportunities can be identified. Energy is the largest single factor in production costs and although our energy consumption per tonne is already lower than the average of the home cement industry, it is being further reduced by continuous technical improvements and innovation.

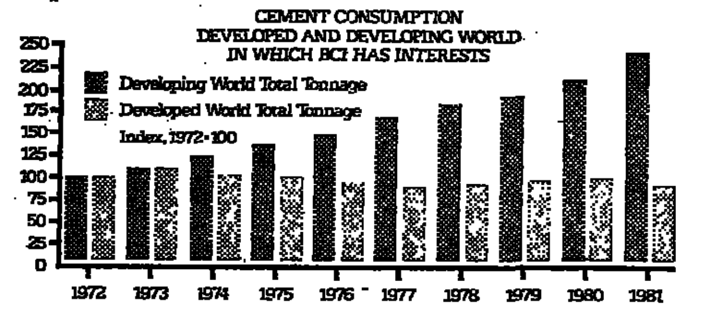
Armitage Shanks has completed its first full year within the Group and its performance has been gratifying in spite of the recession at home. We have supported and encouraged major capital expenditure in the UK, the expansion of its manufacturing capability in Malaysia, Singapore and South Africa, and the recent acquisition of Kilgore Ceramics, a company in Texas which manufactures similar products; this entry into the southern United States is of particular significance.

Our other non-cement manufacturing activities in the UK did not have a good year and their future prosperity is closely allied to that of the building industry. The role of property development is increasing with one or two substantial projects in their early stages.

Since the year end we have disposed of our sand and gravel business, Blue Circle Aggregates. Although this was a profitable and well managed company, it was one which could not be developed to its full potential within the Blue Circle Group without extending its activities into areas of possible conflict which could affect our main business. In concluding the sale, I am pleased to say that we received the assurances which we sought from the purchaser—that the terms and conditions extended to our former employees would be no less beneficial.

Prospects for 1982

The year 1982 started badly at home with the appalling weather severely restricting cement demand. As the year has progressed, however, sales have shown a considerable improvement and as at to-day, cumulative industry sales are back to where they were at the same time last year. There are as yet few signs of any significant recovery in the field of heavy civil engineering which is so dependent on Government expenditure, but private housebuilding and renovations are much more encouraging. The fall in interest rates is an important trend and if this can be maintained we can look to the future with greater confidence and I am optimistic that we will see an improvement in 1982.



I have already referred to the strong growth of our overseas operations and the exceptional results achieved. By exceptional I do not wish to imply that they will not be repeated, but rather that the recent very high rates of growth will prove difficult to sustain in the short term.

Although it is too early to make any firm predictions for the year as a whole, I believe at this stage that 1982 will prove to be a year of consolidation overseas with profits unlikely to match those of 1981, but with benefits to come from further projects due for commissioning in 1983 and beyond. Against this can be seen the beginnings of a revival at home which we shall be meeting with a streamlined and more energy-efficient manufacturing base supported by more gains in productivity as further measures, already identified, are implemented.

Blue Circle
Working around the world

For copies of the full text of the Chairman's Statement and the Company's Report and Accounts, write to the Company Secretary, Blue Circle Industries PLC, Portland House, Stag Place, London SW1E 5BJ.

Morgan Crucible in first quarter rise

FIRST QUARTER taxable profits to April 4 1982 of international components and materials supplier Morgan Crucible Company advanced from £519,000 to £1.76m, on higher sales of £37.23m compared with £29.13m. Earnings per 25p share are given 3p higher at 2.4p.

The directors foresee recovery in the UK subsidiaries, but rather more difficult conditions in the majority of the group's overseas markets for the rest of 1982.

"There are therefore no great Morgan profit records to be broken this year, simply steady progress and a sense of regaining lost ground with optimism," they say.

However for the first six months they reiterate an earlier forecast that group profits will show a noticeable improvement over the first half of 1981.

A divisional breakdown of £3.03m (£1.34m) trading profits shows: electrical carbon £564,000 (£323,000); special carbons and ceramics £277,000 (£118,000); thermic £873,000 (£448,000); lubrication £850,000 (£190,000); Acorn £44,000 losses (£80,000 profits); other products £254,000 (£110,000); and holding company £153,000 (£72,000).

The directors say the U.S. recession, exacerbated by appalling weather, severely affected sales of the lubrication companies in America. However the electrical carbon business there remained healthy.

Pre-tax profits were struck after net finance costs of £1.27m (£822,000). Tax took £374,000 (£286,000) and the attributable profits emerged at £1.28m (£155,000) before extraordinary credits of £950,000 (nil) for disposal profits.

● **comment**

Morgan Crucible's first quarter performance is flattered by comparison with the very weak start last year. Trading margins have slipped to 8.1 per cent from the 10 per cent achieved during the last second half. But the company is mildly optimistic about the UK and believes its rationalisation has come to an end. The thermic division doubled its pre-tax profits on a turnover only 8 per cent up on the same period last year thanks to a policy of moving into higher value production. But the Acorn division continues to do badly hit by poor sales in the shops for Rowney's range of children's paints and with few signs of an upturn. Two thirds of Morgan's turnover is in overseas markets and their prospects are less than sanguine. Franklin Oil lost £55,000 in the first quarter and Hydrotext's profits, £402,000, were less than expected. The reasons were a severe winter, the downturn in automobile manufacturing and general economic squeeze. But the company sees its U.S. performance as holding the key to future growth. The shares rose 3p to close at 120p and yield 9 per cent.

Eglinton I£0.6m placing

Eglinton Oil and Gas, the Dublin-based oil and gas exploration and production company, has placed 500,000 new common stock with Irish and London institutions at IR£1.20 each.

Proceeds of the issue will be applied toward the development of the Robinson-Zephyr-Clearfork Field in Lubbock County, Texas.

Earlier this month, Eglinton announced pre-tax profits of IR£114,942, against IR£30,222. The profits were aided by an unrealised foreign exchange gain of IR£133,000, against IR£18,968 last year.

Brokers to the issue were W. M. Middleton.

Clyde Blowers

Pre-tax profits for the first six months to February 28, 1982, for Clyde Blowers, maker of steam and soot blowing equipment, show an increase from £174,000 to £245,000 on higher turnover of £2.02m, against £1.71m.

The interim dividend is held at 0.8365p.

Earnings per 25p share are shown as rising from 8.69p to 12.27p. Tax took £123,000 (£87,000).

Airflow in profit: pays 0.25p

ALTHOUGH ITS manufacturing side continued to trade at a loss, Airflow Streamlines pulled out of the red to end the year to February 28, 1982 with a pre-tax profit of £89,278, against a loss of £282,412 previously. At halfway, the company reported a deficit, before tax, of £62,000, compared with £254,000 profits.

Turnover for the 12 months edged ahead from £18.62m to £19.12m. The company manufactures assemblies and pressings for the automobile, aircraft and allied industries and it also holds a Ford main dealership.

A final dividend of 0.25p net is recommended and, as no interim was paid, this represents the total for the year. In 1980-81 there was a single interim payment of 0.1p.

After tax credits of £61,546 (£84,550) stated earnings per 25p ordinary share were 1.56p (3.92p loss) basic, and 1.18p (2.92p loss) fully diluted.

On prospects, the directors say that the production section of the manufacturing division has suffered from reduced demand throughout the past two years, but certain product lines are now showing some increases and additional new business is being obtained.

In the motor division, improvements to existing models and the introduction of new models in 1982 by the Ford Motor Company will continue to provide a comprehensive and advanced range of vehicles and should enable the division to maintain a high level of sales and service.

Overall, trading conditions remain generally difficult and the immediate outlook is uncertain but despite this, some optimism can be expressed for the longer term, the directors state.

Sales of the manufacturing division for the year amounted to £6.28m (£5.12m) and pre-tax losses were lower at £34,814 (£339,505). Direct exports to Europe were £2.16m and to the U.S. were £137,669 (total last year £978,402).

The production section continued throughout the year to be severely affected by low demand from its major customers in the truck, tractor and construction equipment industry. It was therefore necessary to implement and to sustain the cost of further redundancies, short-time working and contraction of facilities. Record sales were achieved in the body engineering section.

Sales of the motor division totalled £12.84m (£12.5m) and pre-tax profits advanced from £47,093 to £174,192. A high level of sales was maintained and increased profits were achieved despite the very competitive and disorderly market conditions.

Matthew Hall

Public Limited Company

INTERNATIONAL ENGINEERING DESIGNERS AND CONTRACTORS

Dennis Garrett FCA, Chairman.

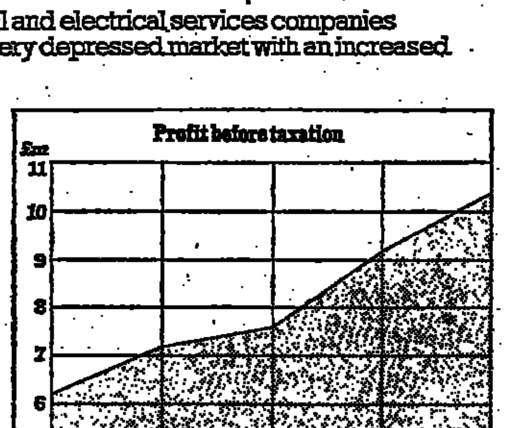
Further progress made despite worldwide recession

Matthew Hall is engaged worldwide in the design and installation of building engineering services and electrical and instrumentation systems and in design and contracting for the energy industries.

Like most international companies Matthew Hall has been affected by the world economic recession but despite this Mr Dennis Garrett, Chairman, reports profit before taxation up from £9.208 million to £10.344 million.

The UK and Australian mechanical and electrical services companies emphasised their resilience in a very depressed market with an increased profit contribution.

The oil, gas and chemical engineering companies showed a decrease in profit overall because of the costs of necessary expansion in the USA, Australia and S.E. Asia and also to cover the development of new design techniques. These costs relate to a deliberate policy of acquisition and development overseas to meet the challenges of the future and to ensure expansion both geographically and into new market sectors to minimise dependence on any one economy or industry. The UK performance was strong and the companies in Holland traded satisfactorily despite difficult conditions. The Australian subsidiary has succeeded in its plan to expand into minerals and materials handling projects. The integration into the Engineering group of the Barnard and Burk Group in the USA is proceeding satisfactorily.

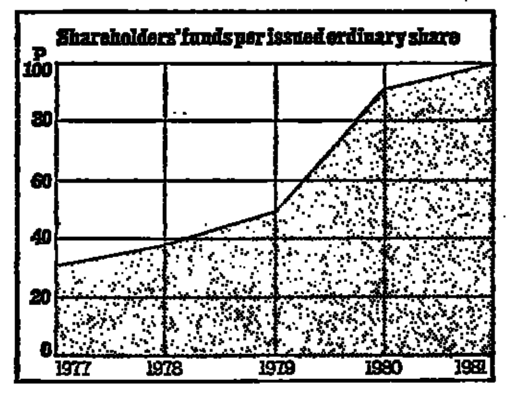


The Group's skills in North Sea oil and gas platform activities are now being applied to Brazil and offshore California. Progress is also being made in this respect in the Asian region.

The Mining Sector, despite a decline in mining investment is incurring planned development costs to prepare for the prospective upturn.

Despite the prevailing trading conditions the Group has started 1982 with a good order book in most areas of activity.

A total dividend for the year of 7.309p per share (gross) is recommended—an increase of 20% over last year's payment.



Summary of Results	1981 £000	1980 £000
Turnover	329,248	253,664
Profit before taxation	10,344	9,208
Taxation	2,085	406
Profit attributable to shareholders	8,264	16,660
Shareholders' funds	34,157	30,981
Dividends per share (gross)	7.309p	6.09p
Earnings per share	24.18p	25.74p

Copies of the Annual Report 1981, containing the Chairman's Statement in full as well as a Review of the year's activities, may be obtained from The Secretary, Matthew Hall PLC, 101–108 Tottenham Court Road, London W1A 1BT.

The Annual General Meeting of the Company will be held in London on Friday, 25th June, 1982.

BHS

BRITISH HOME STORES PLC

Highlights from the Statement by the Chairman, Sir Jack Callard:

■ Second half profit reverses the interim shortfall.

■ Effective cost control.

■ Difficult trading conditions continue.

■ Five new stores in 1982.

Results (per historical cost convention)	52 weeks to 3rd April 1982 £000	53 weeks to 4th April 1981 £000	Change %
Sales (inclusive of VAT)			
Merchandise	366,198	350,653	+4.4
Food	78,134	74,929	+4.3
Restaurant	27,308	26,643	+2.5
Total	471,640	452,225	+4.3
Sales (exclusive of VAT)	427,563	410,099	+4.3
Profit before taxation	42,562	39,658	+7.3
Profit after taxation	26,797	27,606	−2.9
Dividends per ordinary share	4.75p	4.5p	
Earnings per ordinary share (historical)	13.0p	13.5p	

BRITISH HOME STORES

Nimslo's loss in line with expectations

Nimslo International, the Bermuda-based company which is developing a 3-D camera, has reported a $4.17m pre-tax loss for the four months ended last December 31.

The deficit was entirely due to development costs of the new camera and was in line with expectations. The company also reported turnover of $3.7m for the period, but this was the result of sales by Eastern Photographic Laboratories of the U.S., which Nimslo bought last year.

Nimslo's shares are traded on the Unlisted Securities Market. The attributable loss to shareholders for the four months period is $3.5m.

Sales of the new 3-D camera began earlier this year and are "going in accordance with plans," according to an executive at Baring Brothers, which underwrote last year's share issue by Nimslo.

No dividend has been proposed.

London Entertainments

PROFIT before tax at London Entertainments dipped slightly from £31,506 to £25,167 in the half year to February 28 1982.

Again, no interim dividend was declared.

Tax took £12,395, against £31,130 after six months.

This close company deals with production and management at the Palace Theatre.

Sonic Sound gives warning

THE SHARES of Sonic Sound Audio Holdings fell another 4p yesterday to 85p following the chairman's confirmation that trading in the first half of the year "has been extremely difficult."

The price has been sliding over the past couple of weeks as rumours circulated in the stock market about the company's financial state.

Earlier this year the share price stood as high as 129p.

However, Mr Lionel Astor, chairman and founder of this Tottenham Court Road hi-fi equipment retailer, was quick to point out that "the company is not suffering from any serious liquidity problems or under pressure from either its bankers or creditors."

Earnshaw Haes, stockbrokers to Sonic, said yesterday that the half year figures to the end of April were still yet to be "fully added up." The stock-take is scheduled to be undertaken today and the company is expected to produce its interim results on June 10.

Nevertheless the company has clearly signalled some poor figures for next week.

Sonic Sound was brought to the stock market at the beginning of 1981 via a placing by Earnshaw Haes of 2.25m shares at 80p a time. The issue raised £1.3m for the Astor family and £0.5m for the company.

The company's short history prior to going public—so short that it needed special permission from the Stock Exchange because it could not show the usual five-year record—showed rapid growth. From profits of £54,309 in 1977 Sonic was making £392,777 in 1980. With the help of rapid physical expansion the directors were able to accompany the placing with a forecast of not less than £800,000 pre-tax for the 12 months to the end of October 1981.

At the halfway stage, when reporting £352,640 pre-tax, Mr Astor warned that trading had been more difficult than anticipated when the prospectus was drawn up. Nevertheless, Sonic was able to meet its forecast and report £804,957 for the full year.

In his annual report published this January, Mr Astor had said that "the board remains optimistic about current year prospects. . . . The board is mindful of the trading pattern of last year and a noticeable increase in costs but barring any unforeseen setback, the company is well placed to continue its growth."

Priest Marians' sales fall

WITH the normal pre-Christmas upturn in giftware failing to happen, Priest Marians Holdings, which imports and sells it, saw turnover drop from £286,000 to £148,000 in the eight months to end December 1981.

Last year's total was £374,000, for a pre-tax loss of £22,000, and a single dividend of 5.74p net per £1 share was paid.

As a result of the lower sales, say the directors of this "close" company, early closure became essential, and the subsidiary's last employees left in February this year. The total costs and stock write-downs will reduce the holding company's non-distributable reserves by about £50,000.

The company has been able to maintain liquid assets at £140,000 and expects to be able to meet normal expenses to the end of 1982 from the giftware company's remaining resources.

The closure has created an opportunity to redevelop the seven-acre site—a high proportion of the small area designated to provide local employment for the inhabitants of Hildenborough, Kent—so as to boost the number of people who can work close to home.

Blue Circle outlook

ALTHOUGH the 1982 year started badly at home for Blue Circle Industries with cement demand severely restricted by the weather, sales had since shown a considerable improvement with cumulative industry sales back to where they were at the same time last year, Sir Rowland Wright, the chairman, told the annual meeting.

He said it was too early to make any firm predictions for the year as a whole but that he believed 1982 would prove to be a year of consolidation overseas with profits unlikely to match those of the previous year. He added that there would be benefits to come from further projects due for commissioning in 1983 and beyond.

The chairman commented that there were signs of a revival at home which the group would meet with a streamlined and more energy-efficient manufacturing base which would be supported by more gains in productivity as further restructuring measures were implemented.

There were few signs of any significant recovery in the heavy civil engineering field but private housebuilding and renovations were "much more encouraging."

If the fall in interest rates was maintained "we can look to the future with greater confidence and I am optimistic that we will see an improvement in 1982," Sir Rowland told the meeting.

Referring to the overseas operations he said that the recent very high rates of growth would prove difficult to sustain in the short-term.

At the annual meeting of Hamilton Oil Great Britain the chairman said that production so far this year from the Argyll area of the North Sea, in which the group had a 28.8 per cent interest, totalled 3.4m barrels. He pointed out that in the first five months of the year the group had produced almost as much as in the whole of 1981.

Eucalyptus Pulp Mills' chairman confirmed at his company's meeting that figures for the first half year were up to budget but the outlook for the second half was "not promising."

The chairman of Rio Tinto-Zinc said at the AGM that he was "uncertain" as to whether profits would improve on those of the previous year.

AVON RUBBER p.l.c.

The trading result in the half year ended 3rd April 1982 was dominated by the losses arising from the severity of competition in all tyre markets. The loss before tax of £1,401,000 compares with a loss of £1,514,000 in the first half of last year.

As recently announced, production in the Bridgend factory will cease by the end of July 1982. The full cost of this closure is estimated at £1.4 million and has been dealt with as an extraordinary item.

In addition to the redundancy programme in the Tyre Company, earlier in the year, measures to reduce costs have continued in all parts of the Group. These are proving effective and, although trading conditions show little evidence of any upturn, the Group has traded profitably in the last two months.

Providing that there are no major adverse changes in the national economy, this recovery is expected to continue in the second half of the year. Accordingly an interim dividend of 1p per share on the 6,637,500 Ordinary Shares will be paid on 12th July 1982 to Shareholders on the register at 12 noon on 18th June 1982, the cost of which is £66,375.

On the 500,000 4.9% Cumulative Preference Shares the half year dividend, costing £12,250 will be paid at the rate of 2.45p per share on 30th June 1982, to Shareholders on the register at 12 noon on 15th June 1982.

	Half year to 3rd April 1982 £'000	Half year to 4th April 1981 £'000	Financial year ended 3rd October 1981 £'000
Turnover	78,005	78,296	153,916
Operating Profit before depreciation	1,515	1,826	4,722
Share of (Losses)/Profits of Associated Companies	(10)	30	101
	1,505	1,856	4,823
Depreciation	1,412	1,597	2,799
Operating Profit after Depreciation	93	259	2,024
Financing charges	1,494	1,773	2,786
Loss before Taxation	(1,401)	(1,514)	(762)
Taxation	53	—	154
Loss after Taxation	(1,454)	(1,514)	(916)
Minority Interests	(13)	(22)	(10)
	(1,441)	(1,492)	(906)
Extraordinary Items	(1,935)	(1,449)	(1,685)
Loss attributable to Avon Shareholders	(3,376)	(2,941)	(2,591)
Loss per share	21.9p	22.8p	14.0p

AVON Avon Rubber p.l.c. Melksham, Wiltshire, SN12 8AA. Tel. (0225) 703101

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	—	—	6	50	—	—	$320.30
GOLD C	$325	17	18.50 B	35	31	—	—	"
GOLD C	$350	20	9.50 A	35	19	10	32	"
GOLD C	$400	20	2.50	—	—	—	—	"
GOLD P	$300	3	7.50	7	11.50	—	—	"
GOLD P	$325	42	15	5	22	—	—	"
GOLD P	$350	3	31	6	36	—	—	"
GOLD P	$375	29	53	—	—	—	—	"
12¾ NL 81 87-91								
C	F.110	—	—	100	3.50	—	—	F.112.70
C	F.112.50	150	1.30	—	—	—	—	"
C	F.115	—	—	106	1.20	—	—	"
C	F.117.50	100	0.20	—	—	—	—	"
10¾ NL 80 86-95								
C	F.100	105	2.10	—	—	—	—	F.101.50
C	F.102.50	—	—	8	1.40	—	—	"
C	F.105	100	0.40	—	—	—	—	"
11¼ NL 82 88-92								
C	F.105	—	—	50	1.20	—	—	F.103.70
10 NL 83 86-89								
C	F.100	—	—	8	1.30	—	—	F.98.80
P	F.97.50	—	—	100	1.30	—	—	"
P	F.102.50	—	—	25	4.80	100	5.10	"
		July		Oct.		Jan.		
ABN C	F.300	3	1.50	—	—	—	—	F.287.50
ABN P	F.280	3	1.80	—	—	—	—	"
AKZO C	F.25	3	0.90	15	1.50	—	—	F.24.50
AKZO C	F.27.50	4	0.40	10	0.80	65	1.30	"
AKZO P	F.27.50	50	3	3	3.20 A	—	—	"
AKZO P	F.30	—	—	3	5.60 B	—	—	"
AMRO C	F.50	—	—	12	1.90	—	—	F.50.70
AMRO P	F.50	—	—	10	2	—	—	"
HEIN C	F.60	11	3B	—	—	—	—	F.61.10
HEIN P	F.60	16	1.70	—	—	—	—	"
HOOG C	F.17.50	—	—	—	—	10	0.80	F.15.10
KLM C	F.80	10	13.50	—	—	—	—	F.91.70
KLM C	F.90	148	6.70	5	9.30	—	—	"
KLM C	F.100	112	1.80	26	5.30	—	—	"
KLM C	F.110	217	0.90	7	3.60	8	5 A	"
KLM C	F.120	26	0.40	—	—	—	—	"
KLM P	F.80	40	1	69	2.50	—	—	"
KLM P	F.90	163	3.38	25	4.50	—	—	"
KLM P	F.100	89	9.30	—	—	—	—	"
KLM P	F.110	91	18.50 B	—	—	—	—	"
NEDL C	F.120	15	2	12	5	—	—	F.118.50
NEDL C	F.130	16	0.40	—	—	—	—	"
NATN C	F.110	7	4	—	—	—	—	F.112.50
NATN C	F.115	14	1.30	—	—	—	—	"
NATN P	F.115	—	—	—	—	4	5	"
PHIL C	F.20	5	3.80	—	—	—	—	F23.60
PHIL C	F.22.50	45	1.50	25	2.30	—	—	"
PHIL C	F.25	252	0.30	129	0.90	95	1.50	"
PHIL C	F.27.50	—	—	—	—	3	0.60	"
PHIL P	F.22.50	19	0.30	—	—	—	—	"
PHIL P	F.25	61	1.60	40	1.70	—	—	"
PHIL P	F.27.50	10	4	—	—	20	4	"
RD C	F.90	25	3.30	23	5.10	—	—	F91.10
RD C	F.100	10	0.60	14	1.60	—	—	"
RD P	F.90	38	2	70	3.50	10	4.50	"
UNIL C	F.150	5	2.30	30	5.50	—	—	F147.50
UNIL P	F.140	70	0.60	—	—	—	—	"
UNIL P	F.150	16	4.50	21	5.70	—	—	"
		Aug.		Nov.		Feb.		
BASF C	DM.140	—	—	10	120	—	—	DM26.28
SLUM C	$50	10	1	—	—	—	—	$43⅛
VEBA C	DM.150	—	—	30	5	—	—	DM138
VW C	DM150	10	4.70	—	—	—	—	DM151.70

TOTAL VOLUME IN CONTRACTS: 3542

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	13 %
Allied Irish Bank	13 %
American Express Bk.	13 %
Amro Bank	13 %
Henry Ansbacher	13 %
Arbuthnot Latham	13 %
Associates Cap. Corp.	13 %
Banco de Bilbao	13 %
BCCI	13 %
Bank Hapoalim BM	13 %
Bank of Ireland	13 %
Bank Leumi (UK) plc	13 %
Bank of Cyprus	13 %
Bank Street Sec. Ltd.	14 %
Bank of N.S.W.	13 %
Banque Belge Ltd.	13 %
Banque du Rhone et de la Tamise S.A.	13½%
Barclays Bank	13 %
Beneficial Trust Ltd.	14 %
Bremar Holdings Ltd.	14 %
Brit. Bank of Mid. East	13 %
■ Brown Shipley	13 %
Canada Perm't Trust	13½%
Castle Court Trust Ltd.	13½%
Cavendish G'ty T'st Ltd.	14 %
Cayzer Ltd.	13 %
Cedar Holdings	13 %
■ Charterhouse Japhet	13 %
Choulartons	14 %
Citibank Savings	¶12½%
Clydesdale Bank	13 %
C. E. Coates	14 %
Comm. Bk. of Near East	13 %
Consolidated Credits	13 %
Co-operative Bank	*13 %
Corinthian Secs.	13 %
The Cyprus Popular Bk.	13 %
Duncan Lawrie	13 %
Eagil Trust	13 %
E.T. Trust	13 %
Exeter Trust Ltd.	14 %
First Nat. Fin. Corp.	15½%
First Nat. Secs. Ltd.	15½%
Robert Fraser	14 %
Grindlays Bank	‡13 %
■ Guinness Mahon	13 %
■ Hambros Bank	13 %
Heritable & Gen. Trust	13 %
■ Hill Samuel	§13 %
C. Hoare & Co.	†13 %
Hongkong & Shanghai	13 %
Kingsnorth Trust Ltd.	14 %
Knowsley & Co. Ltd.	13½%
Lloyds Bank	13 %
Mallinhall Limited	13 %
Edward Manson & Co.	14 %
Midland Bank	13 %
■ Samuel Montagu	13 %
■ Morgan Grenfell	13 %
National Westminster	13 %
Norwich General Trust	13 %
P. S. Refson & Co.	13 %
Roxburghe Guarantee	13½%
E. S. Schwab	13 %
Slavenburg's Bank	13 %
Standard Chartered	13 %
Trade Dev. Bank	13 %
Trustee Savings Bank	13 %
TSB Ltd.	13 %
United Bank of Kuwait	13 %
Whiteaway Laidlaw	13½%
Williams & Glyn's	13 %
Wintrust Secs. Ltd.	13 %
Yorkshire Bank	13 %

■ Members of the Accepting Houses Committee.

* 7-day deposits 10%, 1-month 10.25%. Short term £8,000/12 month 12.6%.

† 7-day deposits on sums of: under £10,000 10%, £10,000 up to £50,000 11%, £50,000 and over 11½%.

‡ Call deposits £1,000 and over 10%.

§ 21-day deposits over £1,000 11½%.

¶ Demand deposits 10%.

¶ Mortgage base rate.

BIDS AND DEALS

Charter Cons. still after Anderson

BY RAY MAUGHAN

Charter Consolidated determined yesterday to continue its pursuit of the coal cutting equipment manufacturer, Anderson Strathclyde. This is despite the formal announcement by the Department of Trade that the Secretary of State, Lord Cockfield, had referred the hotly opposed 135p per share bid to the Monopolies and Mergers Commission.

The bid, which valued the Glasgow-based Anderson Strathclyde at £64m, lapsed yesterday, but Charter stressed yesterday that the reference had not altered its "belief in the benefits of the offer both to Anderson Strathclyde and to Charter Consolidated and accordingly it will take full advantage of the opportunity to put its case before the Monopolies Commission."

The reference was made under the assets criterion of the 1973 Fair Trading Act but its terms do not cover the 28.4 per cent of the Scottish company acquired by Charter in May 1980. It is understood that the stake, bought in a dawn raid, was examined by the Office of Fair Trading at the time but the department decided not to make a reference.

The issue of Scottish identity and the importance of preserving the independence of major Scottish companies, is understood to have played a significant role in the Department's decision, a point recognised yesterday by Mr Neil Clark, chief executive of Charter.

He felt that there was a fear that Anderson Strathclyde would become no more than a branch of a business controlled south of the border and he believed that the reference related largely to the Scottish employment issue.

He felt that "our record, well established over the last 17 years, provides clear-cut evidence that we don't switch operational headquarters and management is always autonomous."

He pointed out that Charter had no other big manufacturing bases in coal cutting equipment in the UK and there would be no question of transferring production out of one plant and into another.

Bidder	Target	Completion
BTR	Sarck	Imminent
Reed Intl.	Benham News.	End-June
Nabisco	Huntley	September
GUS	Empire Stores	End-Nov.
Charter Cons	Strathclyde	Early Dec.

* Mergers under investigation by Monopolies Commission.

European Ferries expands U.S. interests

BY MICHAEL CASSELL

European Ferries yesterday brushed aside any fears over the short-term problems of the U.S. real estate market and revealed details of its plan to acquire a further 50 per cent interest in its extensive property investments in Denver and Atlanta.

The group announced in February that it was proposing to raise between 45 per cent and 90 per cent its stake in an investment group which holds substantial land and property interests in and around the two cities.

Under a deal worth £40m, European Ferries is to purchase *the 50 per cent holding of* Noramco, its principal partner in the investment group. The acquisition will be in the form of an initial issue of 35m ordinary shares in European Ferries, worth £25.5m at last night's closing price.

There will also be a subsequent issue of 20m ordinary shares, valued at £14.6m, to reflect "dollar for dollar" any subsequent increase in the value of Noramco's interest arising from the favourable conclusion of outstanding planning obstacles in Denver.

European Ferries already holds a right of first refusal on the outstanding 5 per cent interest in the investment group.

Mr Keith Wickenden, chairman of European Ferries, said yesterday that the present weaknesses in the U.S. commercial *property* market did not affect the group's view of long-term prospects in Denver and Atlanta. He pointed out that the capital value of the real estate interests involved have increased substantially since their original acquisition. As at January 1, 1982 they were professionally valued at $129.5m (£99.7m).

The pro forma statement of net assets being purchased are shown at $53.3m (£29.6m) before tax.

Upon completion of the deal, which will be put to a special shareholders' meeting in London on June 25, Noramco is likely to be the largest single shareholder in European Ferries. It will initially hold 12.6 per cent of the group's enlarged ordinary share capital and the figure could rise to a maximum 18½ per cent under the terms of the agreement.

Noramco is currently controlled by Mr. John Dick, Mr Wiliam Pauls and an associate and undertakings are being given that this control will be retained for at least eight years. Mr Pauls and Mr Dick will remain with the group and will eventually join the board.

European Ferries says the deal will provide it with a unique opportunity to acquire control of an established business and an experienced management team. The move will enable it to regulate the pace of further investment and the financial commitments of the company to its U.S. real estate activities.

The group's main interests in the U.S. are at the Denver Technological Centre, where it has over 300 acres of land, and a 195-acre holding at the Atlanta Technology Park. There are, in *addition, around 1,000 acres of* undeveloped land south-west of Denver and 1,655 acres of similar land within the metropolitan area of Atlanta. The company's real estate interests in Houston are not affected by the proposals.

LCP sells offshoot to Redland Bricks

LCP Holdings has sold its brick manufacturing subsidiary—Stourbridge Brick Company—to Redland Bricks—wholly-owned subsidiary of Redland.

The consideration is £4.1m cash, plus stocks at valuation to be agreed, of which £0.5m is deferred for one year.

The balance sheet value of Stourbridge's fixed assets is £3.6m and the sale will yield a surplus to LCP, subject to tax, of £0.5m. In the year to March 31 1982, Stourbridge made a loss before tax of £81,000.

NOBLE AND LUND SUITOR WITHDRAWS

Noble and Lund, the Gateshead engineer and machine tool maker, yesterday said no bid has emerged from the approach last week by an unnamed party.

The board has now been informed that the potential offeror no longer wishes to succeed, Noble said. It welcomed this development because it felt the interests of the company and its shareholders would be best served by it remaining independent.

Part of Noble's defence was a statement that trading had improved significantly in recent weeks and a forecast that it would resume dividend payments this year.

MITCHELL COTTS £0.5M PURCHASE

Mitchell Cotts, through its subsidiary Mitchell Cotts Transport Services, has acquired E. A. Hellmuth from Great Gardens of England Investments, a transport company operating from Dulwich, South London.

Helmuth has 60 commercial vehicles on contract hire to national and local companies.

The amount paid in cash on completion was £500,000.

BRITANNIA ARROW

Britannia Arrow Holdings has acquired 6 per cent—1.4m shares—of Wagon Finance Corporation.

Bajau builds up Tilbury stake

Bajau, a private dealing company with which the financier Mr Christopher Selmes is understood to be associated, has taken a disclosable stake in the civil engineering and housebuilding group, Tilbury Contracting.

BRP Securities, a subsidiary of Bajau, announced yesterday that it had purchased 77,500 Tilbury shares in lines of various sizes between May 24 and May 27 and now holds 162,500 shares, or 3.24 per cent of the ordinary share capital.

Bajau recently sold a 12 per cent sake in motor distributor Braid Group which enabled Lookers to mount an offer from the base of a 16.2 per cent holding.

Suter Electrical, headed by Mr David Abell, recently announced a 10.1 per cent holding in Tilbury having pushed its holding up to disclosable levels through the exercise of various options on overseas nominee accounts.

Tilbury shares have risen from 290p to a peak of 500p this year and asset backing, as shown in the recently published accounts, is 642p per share. The board, chaired by Mr Patrick Edge-Partington, believes the group holds too much valuable freehold property and a campaign has begun to diminish the portfolio. Tilbury has warned, however, that divestment could be a slow process.

Grieveson/Sebag statement due

Grieveson Grant is expected to announce today its takeover of Carr Sebag.

The move, following an approach by Carr Sebag in the middle of April sounding out Grieveson Grant's interest in a merger, will be the largest takeover that the London stockbroking community has seen.

This week speculation has mounted about the future of the three senior partners of Carr Sebag, Mr Sandy Gilmour, Mr Roddy McLeod and Mr Michael Boyd-Carpenter. Grieveson Grant is expected to emerge the dominant partnership in the new relationship.

Yesterday, it was believed that Carr Sebag would cease trading today as the deal was announced and its large list of corporate clients passed to Grieveson at the end of the stock market trading account.

DUBLIN PAPER

One of the Irish Republic's five national Sunday newspapers—The Sunday Journal—has been put up for sale.

The owners, a Dublin-based insurance company, the Private Motorist Protection Association, said that negotiations were going on with several prospective buyers of the three-year-old tabloid paper.

SLOUGH ESTATES

Slough Estates has agreed with Borough of Colchester to assume responsibility for the future planning, development and marketing of the 100-acre Severalls industrial estate.

As part of the agreement Slough has acquired seven acres of the estate on which it will build warehouse and factory units.

Slough also has an option on a further 10 acres.

Severalls industrial estate is on the Crown interchange on the A12 which will shortly be joined with the M25 motorway.

INTL. THOMSON

The International Thomson Organisation is extending its oil and gas activities to Canada by forming a partnership with a privately owned company, R. D. Jensen Holdings, to be known as Thomson-Jensen Energy.

R. D. Jensen Holdings is controlled by R. D. (Dick) Jensen, who assumes management responsibilities for the partnership.

OLIVES MILL

Olives Paper Mill is buying the paper manufacturing activities of Grosvenor Chater and Co at Abbey Mill, Holywell, Clywd.

The consideration is £200,000 cash. No recent professional valuation of the assets has been undertaken but Olives is satisfied that the consideration is at a substantial discount to replacement values.

BOOTS IN FRANCE

Laboratoires Boots Dacour—the French subsidiary of Boots Company—has opened a new factory for manufacturing pharmaceuticals and distributing consumer products at Valenciennes.

Costing more than FFr 40m it will provide facilities to meet sales in France, Belgium and French-speaking Africa.

BUNZL

In reply to the formal Bunzl offer, Bemrose yesterday said that nothing in the document changed its view that shareholders should reject it. It plans to explain the detailed reasons for this view shortly and meanwhile advises shareholders to take no action.

RILEY LEISURE

Riley Leisure has completed the acquisition of Kensal House Investments and Mr B. M. W. Hearn has been appointed a director.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interim: Dobson Park Industries.
Finals: Bishop's, Eastern Produce, New Throgmorton Trust.

FUTURE DATES

Interims—
Fairline Boats .... June 10
Winterbottom Energy Trust .... June 15
Finals—
Ariel Industries .... June 9
Brown Shipley .... June 10
Inchcape .... June 17
Johnson, Matthey .... June 16
Tesco Stores .... June 16
Wigfall (Henry) .... June 11

ASSOCIATE DEAL

Baring Brothers and Co has sold 192,000 ordinary shares in Harrisons Malaysian Estates yesterday at 160p for discretionary investment clients.

MIDLAND BANK

Six hundred and ten Midland Bank stockholders had elected to convert £23.4m of the 7½ per cent convertible subordinate unsecured loan stock 1983/93 as at May 31 1982 and 4.91m new shares of £1 each will be allotted in exchange.

HUNTLEIGH

Huntleigh Group is acquiring the outstanding minority interest of 7.5 per cent in Medical Ultrasonics. The consideration paid is £30,484, of which £1,667 is cash and the balance is met by issue and allotment of 24,421 Huntleigh ordinary shares.

SHARE STAKES

London and Manchester Group—Kuwait Investment Office holds an interest in 1.175m ordinary shares (5.12 per cent).

Duple International — W. S. Yeates has placed 450,000 ordinary shares (4.38 per cent) with a group of financial institutions.

Harrisons Malaysian Estates—Baring Brothers and Company sold 200,000 ordinary shares at 161p for discretionary investment clients.

British Printing and Communication Corporation—Pergamon Press has purchased 50,000 ordinary shares at 36p. The purchase was made on May 28 and brings its holding to 92.09 per cent (77.29 per cent).

Scottish Ontario Investment—Kuwait Investment Office sold its total holding of 4.08m ordinary shares (14.8 per cent). Courtaulds Pensions Common Investment Fund purchased 4.08m ordinary bringing total interest to 6.33m (22.9 per cent) and 73,500 preference shares (14.5 per cent).

Edward Jones Group—Centreway Industries purchased a further 25,000 ordinary shares. Total interest now stands at 515,000 ordinary (12 per cent).

Gill and Duffus Group—J. S. Barnes, director, has purchased 10,000 ordinary, making holding 20,000.

Rockware Group—J. A. Bailey, director, has sold 53,505 ordinary shares.

London and Lennon Investment Trust—London and Manchester Assurance has purchased further 50,000 ordinary shares making holding 2,167,555 (12.07 per cent).

Jackson Exploration—*Following the sale of 200,000 shares*, the beneficial ownership of M. W. Jackson, chairman, has been reduced by that amount.

Duple Int.—W. S. Yeates has disposed of 450,000 shares and now holds 85,416 (0.83 per cent).

Green's Economiser Group — J. V. Sheffield, director, has sold 20,000 ordinary shares.

British Empire Securities Trust—Imperial Life Assurance Company of Canada has purchased a further 100,000 ordinary shares on making holding 1,265,790 ordinary (6.229 per cent).

LONDON TRADED OPTIONS

June 3. Total Contracts 1,356 Calls 928 Puts 428

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	260	64	—	72	10	—	—	314p
BP (c)	300	28	1	38	—	46	—	"
BP (c)	330	8	[illegible]	17	20	30	—	"
BP (c)	360	1	—	5	—	20	—	"
BP (p)	300	6	—	15	—	20	—	"
BP (p)	330	24	4	30	—	35	—	"
CU (c)	140	6	—	15	—	19	—	135p
Cons. Gld (c)	350	14	15	28	—	40	—	357p
Cons. Gld (p)	390	50	1	60	—	67	—	"
Ctlds. (c)	60	26	—	33	—	—	—	85p
Ctlds. (c)	70	16	—	25	—	29	—	"
Ctlds. (c)	80	7	[illegible]	14	—	22	—	"
Ctlds. (c)	90	3	—	9	—	13	—	"
GEC (c)	800	168	1	185	—	207	—	944p
GEC (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GEC (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GEC (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GEC (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GEC (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GEC (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GEC (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Gr'd Met. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	232p
Gr'd Met. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Gr'd Met. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Gr'd Met. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Gr'd Met. (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Gr'd Met. (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Gr'd Met. (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
ICI (c)	300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	328p
ICI (c)	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
ICI (c)	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
ICI (p)	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Land Sec. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	279p
Land Sec. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Land Sec. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Mks & Sp. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	168p
Mks & Sp. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Mks & Sp. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Shell (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	422p
Shell (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Shell (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Shell (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Shell (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
		August		November		February		
Barclays (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	458p
Barclays (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Barclays (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Barclays (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Imperial (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	87p
Imperial (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Imperial (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Imperial (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Imperial (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Lasmo (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	332p
Lasmo (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Lonrho (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	70p
Racal (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	433p
Racal (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RTZ (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	424p
RTZ (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Vaal Rfs. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$48
Vaal Rfs. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Vaal Rfs. (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Vaal Rfs. (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"

C=Call P=Put

VIKING RESOURCES TRUST PLC
An oil and gas Investment Trust
1972 10 Years 1982

Net Asset Value	+152%
Share Price	+134%
FT All Share Index	+ 47%

"The long-term future of industrialised society remains dependent, at this time, on a profitable, active oil industry. We believe that, within such an industry, many opportunities for sound investment remain to be found and our policy of seeking out those where prospects appear most favourable will continue, with the objective of providing an attractive investment in the oil and gas industries through the shares of Viking Resources Trust."

J.G.S. Gammell, Chairman

Copies of the Report & Accounts may be obtained from:
D.T.M. Ross, The Secretarial Department
Ivory & Sime Limited, Freepost Edinburgh EH2 0BY
or One Charlotte Square, Edinburgh EH2 4DZ

Anglovaal Group

Declaration of ordinary and participating preference dividends year ending 30 June 1982

Investment Companies

Dividends have been declared payable to holders of ordinary and participating preference shares registered in the books of the undermentioned companies at the close of business on 25 June 1982. The dividends have been declared in the currency of the Republic of South Africa. Payments from London will be made in United Kingdom currency and the date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 5 July 1982 or such other date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office or office of the London Secretaries of the companies. Warrants in payment of the dividends will be posted on or about 30 July 1982. The transfer books and registers of members of the companies will be closed from 26 June to 2 July 1982, both days inclusive. All companies mentioned are incorporated in the Republic of South Africa.

NAME OF COMPANY (Ordinary shares, unless indicated otherwise)	Dividend declared Number	Dividend declared Cents per share	Total for financial year cents	Notes	Consolidated profit Estimated 1982 R000	Consolidated profit Actual 1981 R000	Amount absorbed by dividends 1982 R000	Amount absorbed by dividends 1981 R000
Anglovaal Limited				1, 3, 4, 5	49 735	47 855	13 651	13 015
(Participating preference)	56	117.5	167.5	2				
(Ordinary and "A" Ordinary)	73	225	315					
Middle Witwatersrand (Western Areas) Ltd.	60	45	75	3, 4	12 464	18 327	*384	8 331

1. The results of the Company's mining subsidiary, Prieska Copper Mines (Pty) Limited, have not been included in the estimated consolidated results and members are referred to the quarterly report of that company which will be published on or about 21 July 1982. The Company's interest in Prieska Copper Mines (Pty) Limited will be published in a separate statement in the annual financial statements.
2. This declaration represents 5 cents in respect of the fixed rate of 5 per cent per annum for the half-year ending 30 June 1982 and 112.5 cents, being 50 per cent participation of the final dividend of 225 cents declared on the ordinary and "A" ordinary shares.
3. Amount absorbed by dividends includes preference dividends.
4. Consolidated profit figures are after taxation at the increased rate and outside shareholders' interests, but before extraordinary items.
5. The increased rate of taxation also gave rise to an additional deferred tax liability in respect of prior years. This has been charged against retained profits at 30 June 1981.

By order of the boards
Anglovaal Limited
Secretaries
per: E. G. D. Gordon
3 June 1982

Registered Offices: Anglovaal House, 56 Main Street, 2001 Johannesburg
London Secretaries: 295 Regent Street, London W1R 8ST

This announcement appears as a matter of record only

PRIVATE PLACEMENT NEW ISSUE

PASE EQUITY LIMITED

A Limited Liability Company for Investments in the Far East and Australia

has been capitalised at

US$ 10,350,000

represented by

103,500 voting redeemable preference shares

ARINFI LIMITED
INTRA INVESTMENT COMPANY S.A.L.
NEW JAPAN SECURITIES EUROPE LIMITED

Investment Advisor
ARAB INTERNATIONAL FINANCE LIMITED

Arinfi

This announcement appears as a matter of record only

PRIVATE PLACEMENT NEW ISSUE

AMPETROL N.V.

A Limited Liability Company for Investments in the U.S. Energy Sector

9,000,000 shares

Class A voting Common Stock of US$ 1.00 par value

Agent
ARINFI LIMITED

Investment Advisor
ARAB INTERNATIONAL FINANCE LIMITED

Arinfi

Chase increases preferred stock offer

By David Lascelles in New York

CHASE MANHATTAN BANK of New York has announced that it had increased the size of a preferred stock issue which was originally postponed and then reduced because of the recent Drysdale Government Securities affair in which the bank was involved.

The issue was raised from $200m to $250m by the underwriters, Merrill Lynch White Weld, Lehman Brothers and Salomon Brothers, because of the strength of demand.

Chase said: "We think this underscores the fundamental strength of the bank despite the write-off in connection with Drysdale."

Chase revealed a fortnight ago that it would take a write-off of $135m in the second quarter of this year because of the default of the government securities trading firm.

Chrysler seeks partners to help fund credit offshoot

BY OUR FINANCIAL STAFF

CHRYSLER, the financially-troubled number three in the U.S. car industry, is seeking partners to increase the funding for Chrysler Financial, its credit subsidiary, Mr Lee Iacocca told the annual meeting yesterday.

He gave no details about the size of funding sought or the number of partners that could be iovnlved. But earlier this week, Mr Gerald Greenwald, Chrysler's vice chairman, disclosed that the car company was using part of its $895m in holdings in cash and marketable securities to increase the funding of Chrysler Financial.

Mr Iacocca said Chrysler is seeking a cash infusion in order to reduce the interest rates which its dealers and customers are paying on car loans.

He said Chrysler customers and dealers are paying rates about three percentage points higher than those of General Motors Corporation.

Mr Greenwald had said many banks are unwilling to finance new car purchases and the limited capacity of the credit subsidiary is hurting Chrysler sales.

In St Louis ahead of the annual meeting, Mr Iacocca said that Chrysler is likely to repay its $1.2bn on Government-guaranteed loans early in order to resume dividend payments. But beyond saying that the company might resume payments "in a few years," Mr Iacocca was not specific on the time scale proposed. The group last paid a quarterly dividend of 10 cents a share in the second quarter of 1979.

Dividend payments cannot be resumed until Chrysler repays the Government-guaranteed debt—due by 1990. In addition, Chrysler has to cope with around $800m of other long term debt.

The G-24 will compete with General Motors's new Pontic P-Car and will be equipped with a fuel-injected, turbocharged 2.2 litre engine, said Mr Iacoca.

The car company plans to spend more than $7bn in the next five years to develop new products, said Mr Iacocca. The company spent about $6.5bn in the previous five years on similiar programmes.

Chrysler will introduce a two-seat front wheel-drive sportscar, the G-24, in the 1984 model year, and twill spend $354m o convert a plant in Windsor, Ontario to produce a new line of "space vans" and wagons in the same model eyar.

Space vans are smaller than conventional vans but larger than station wagons.

UPI taken over by new media group

By Our New York Staff

THE financially troubled U.S. news service, United Press International (UPI), has been acquired for an undisclosed amount by a group of U.S. newspaper, cable and television station owners called Media News Corporation.

UPI, founded 75 years ago, was sold by E. W. Scripps, a Cincinnati-based newspaper and broadcasting company which owned 95 per cent of the news agency. The other 5 per cent is held by the Hearst Corporation.

Scripps has for some time sought to sell UPI but earlier talks with Reuter, the British news agency, collapsed.

The new owner is a privately-held company specifically formed to acquire UPI. Douglas Ruhe, president of Focus Communications, of Nashville, Tennessee; Mr Len Small, editor and publisher of the Daily Dispatch of Moline, Illinois; Mr William Geissler, a senior officer of Focus Communications; and Mr Cordell Overgaard, a partner of a Chicago law firm and president of Community Cablevision, which operates cable television systems in southern Wisconsin and northern Illinois.

Mr Ruhe, who is also managing director of the new Media News, described UPI last night as "a basically sound company." Media News statement said it would start an immediate programme to accelerate UPI's changeover to satellite delivery of its news reports and to improve and aggressively market its services worldwide.

Media News added that it did not plan to change the name of the news service and that Mr Roderick Beaton, UPI's president, had agreed to remain in that position.

Mr Ruhe acknowledged that UPI in recent years had been hit by sharply higher communications costs. He added: "Our plan calls for improved services to customers, vigorous competition with the Associated Press and other news services around the world and a variety of new services that will begin to generate profit for UPI in the coming years."

LASMO to launch $75m notes with sterling option

BY OUR EUROMARKETS STAFF

LONDON and Scottish Marine Oil (LASMO), the British oil company, will launch on Monday an unusual $75m floating rate note issue with a warrant to buy either Eurosterling or Eurodollar fixed-interest paper.

The seven-year FRN issue, led by Goldman Sach and Williams and Glyn's Bank, provides an interest spread of ¼ per cent above the six-month London interbank offered rate (Libor) and a minimum coupon of 5½ per cent. It will be priced at a premium of between 100½ to 101¼.

Each noteholder will receive a warrant, exerciseable within 18 months, which will entitle him to purchase 13 per cent paper maturing in 1992. This provides investors with the option of moving into either sterling or dollars, depending on interest rates.

The floating rates notes are subject to a call-back by LASMO at par as from 1985. The fixed interest sterling or dollar bonds will be subject to a call in 1988 at 101¼ or investors may redeem the paper at par.

Meanwhile, Canon, the Japanese optical company, has been forced to increase the indicated coupon on its 15-year $50m convertible bond from 6¼/6½ per cent to 7 per cent to bring the issue more in line with the market.

This is the highest coupon on a Japanese convertible for some time and reflects, among other things, the current weakness of the Tokyo stock market and the yen.

Yesterday the issue was being quoted at a discount of as much as 2½ points, despite the higher coupon indication.

Canon is also raising convertible private placements in Switzerland and Germany. The amounts are SwFr 100m through Swiss Bank Corporation and DM 40m through Bayerische Landesbank.

Also in the Eurodollar market, Den Danske Banke is seeking to raise $30m with a seven-year floating rate note issue priced at par. The deal provides an iterest spread of ⅛ of a point over the six-month London interbank offered rate (Libor) and a 5¼ per cent minimum coupon. Lead manager is Saudi International.

Bank Leumi, of Israel is raising $60m with a 7-year floating rate note bearing an interest rate ¼ of a point over the mean bid and offered rates for six months' deposits in the London interbank market. The issue carries a minimum coupon of 6 per cent.

The Eurodollar market was unchanged to slightly firmer in quiet trading. Credit Suisse First Boston claimed last night that more than half of the $750m Government of Canada issue had already been sold.

Elsewhere, the World Bank is raising SwFr 300m in a five-year private placement carrying a coupon of 6¾ per cent and priced at par. Lead manager is Swiss Bank Corporation. Last week, the World Bank raised $400m in a whirlwind operation on the New York bond market.

Cities Service files suit to block Mesa bid

By Paul Betts in New York

CITIES SERVICE, the 20th largest U.S. oil company, sued Mesa Petroleum in a move to block the smaller Texas-based oil company's attempt to take it over.

In a lawsuit filed in a U.S. district court in Delaware, Cities Service charged that Mesa and its chairman, Mr T. Boone Pickens, were engaged in a variety of tactics "calculated to cause Mesa's shareholders not to tender into the Cities Service offer by misleading them into believing, among other things, that there is a realistic potential for Mesa to acquire Cities Service."

Cities Service last Friday offered to buy 37m Mesa shares—or the equivalent of about 51 per cent of the company—for $17 a share. The Cities Service offer, valued at $629m in cash, was largely a defensive move on the part of the oil company to block Mesa.

For its part, Mesa has said it is willing to acquire Cities Service for $50 a share in a deal worth nearly $3.9bn.

In its suit, Cities Service also charged that Mesa had violated various anti-fraud and market manipulation provisions of Federal securities laws.

Other charges include a claim that Mesa violated securities laws by failing to file necessary documents despite its greater than 5 per cent ownership of Cities Service stock.

Akzo wants balance of U.S. unit

BY WALTER ELLIS IN AMSTERDAM

AKZO, the Dutch-based chemicals group, is to bid for the outstanding 34 per cent of the privately held shares in its troubled U.S. subsidiary, Akzona. Some 4.2m shares are involved.

The shares were quoted at $8.5 apiece before trading was stopped for a day in the U.S. Trading is due to restart this morning on Wall Street, and it is hoped by Akzo that agreement can be reached within a matter of weeks.

Akzona was started in America in 1970. Based in Ashville, North Carolina, it is engaged in chemicals, salt, chemical fibres, leather and electronic components. In the first quarter of this year, losses reached $2.7m, and it is expected that heavier losses will be incurred in the three months to the end of June.

Akzo—which has itself witnessed a fal in first quarter profits this year, to Fl 25.9m ($9.96m)—originally took up only 66 per cent of Akzona's shares in order to allow participation by U.S. investors. It feels now, however, that with losses mounting, important decisions have to be taken on restructuring. For this purpose, it wants 100 per cent participation and is ready to buy the outstanding shares for cash.

Last week, it was announced that Enka, the West German arm of Akzo, has made a loss of DM 20m ($8.3m) in 1981, and both Enka in Holland and the Dutch Chemical Industries Association forecast continuing difficulties.

Terms fixed for Belgium credit

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BELGIUM has now finalised terms on its forthcoming $1.2bn Eurocredit package to be arranged through its four leading banks, Ste Generale de Banque, Banque Bruxelles Lambert, Kredietbank and Banque de Paris et des Pays-Bas Belgique.

As expected, the loan is divided into two equal tranches of $600m each. The first carries a margin over London Eurodollar rates of ⅜ per cent for the first two years, rising to ½ per cent for the remaining five.

Besides the four Belgian banks, the loan will be led by Sumitomo Bank and Long Term Credit Bank of Japan. Repayments will start after a five-year grace period.

The second tranche carries margins over U.S. prime rate or the adjusted rate for certificates of deposit—whichever is higher. It bears a margin of 0.2 per cent for the first two years, rising to 0.25 per cent for the next three. At the lenders' option the loan can be extended for a further two years, though there is no extension fee and no increase in the margin.

The prime tranche is to be led by European American Bank and Trust Company in conjunction with Morgan Guaranty Trust.

Belgian bankers said yesterday that some details of the credit remain under discussion—these include the portion of the Eurodollar tranche that may be taken up by Japanese banks and the question of whether subscriptions to the prime tranche will be open to non-U.S. banks. The credit was thus unlikely to enter syndication for some while.

This is the first jumbo Eurocredit by the Kingdom of Belgium since late 1980 when it obtained somewhat finer terms both in relation to margins and maturity.

Since then Belgium has shunned the Eurocredit market because of its weak economy and banking resistance to the fine spreads it offers. Instead, it has opted to raise a succession of smaller deals.

Now the Government apparently feels that the devaluation in February and other emergency economic measures has revived confidence in Belgium to the point where a large syndicated loan is once again feasible.

Surge at Cooper Laboratories

BY OUR FINANCIAL STAFF

A SHARP second quarter upswing has put Cooper Laboratories, the California-based health and eye care group, back on line with forecasts of record sales and income for the full year.

The second quarter has brought a jump in earnings from $2.7m to $4.4m or 89 cents a share fully diluted. Sales rocketed from $53.7m to $93.1m. The net total profits excludes a $4m taxed gain on a disposal.

The first half of the year now shows a healthy increase of 20 per cent in net earnings to $6.4m or $1.19 a share fully diluted. Sales of $164.9m compare with $96.7m for the previous corresponding half-year.

For the full year, Wall Street analysts have predicted a rise in earnings from $3 to $3.35 a share. Profits faltered last year when the upsurge in interest rates cut net income by 31 per cent by comparison with the previous year.

Mr Parker C. Montgomery, chairman, said that although no substantial reduction in interest rates has yet occurred, nor has the general economic recession ended, the combination of unexpected gains on the sale of assets, continued reduced interest costs and further strong increases in sales and operating income, should produce record sales and income.

On April 28, the company completed the sale of 100 per cent of the stock of "A" Co Incorporated to Johnson and Johnson, for a net gain of $4m.

During the second quarter, the company also recorded a $700,000 reserve for an estimated loss on the sale of an affiliate.

More than 60 per cent of the group's earnings traditionally come from its CooperCare division, which makes toothbrushes and fluoride and similar oral and skin care products. Of the rest, major contributors to profits are the CooperVision side and Cooper Biomedical.

Cooper has been concentrating heavily on the eye care market. Last year it purchased Cavitorn, which makes ophthalmic devices, and Medicornea, which makes intraocular lenses.

Mostek and AEG to set up joint venture

By Leslie Colitt in Berlin

MOSTEK, A subsidiary of United Technologies of the U.S., and AEG-Telefunken, the ailing West German electrical group, have applied to the West German Cartel Office, to establish a joint venture to produce electronic hardware. The application is expected to be approved in the next few weeks.

The Cartel Office said Mostek and AEG would each hold 49 per cent of the venture and that one of the major West German banks would have 2 per cent.

Herr Heinz Durr, AEG chairman, said recently that preliminary agreement had been reached with Mostek on future co-operation. The company now expects to make an announcement in mid-June by which time the Cartel Office is expected to make known its decision.

The joint venture would provide an undisclosed amount of cash for AEG which is expected to have an operating loss this year of from DM 400m to DM 450m ($170m to $190m). The deal is part of the company's efforts to find new partners at home and abroad.

AEG produces electronic components such as semi-conductors, integrated circuits, infra-red modules and solar cells. It is understood that its Heilbonn factory would be merged with Mostek. Industry sources note, however, there is considerable overcapacity in this field.

AEG sold its subsidiary, Draloric Electronic last year and reduced the number of its employees in its electrical components subsidiaries abroad by 20 per cent to 3,900.

Wienerwald debt move

By John Wicks in Zurich

ACCORDING to the Swiss-owned catering group Wienerwald, the company "is in a position to assume" that loans from a group of Swiss and German banks are to be prolonged.

This follows talks in Zurich yesterday between Wienerwald, which is one of top half-dozen catering groups in the world, and representatives of 24 creditor banks.

No details are yet known of the new management plan which Weinerwald is said to have presented to the banks yesterday, nor as to how long the bank credit will be extended. Wienerwald, whose 1981 group turnover was equal to nearly 3900m, owes the banks a total of DM 257m ($109m).

PEMEX

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FUJI INTERNATIONAL FINANCE LIMITED GOLDMAN SACHS INTERNATIONAL CORP.

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LIBRA INTERNATIONAL BANK, S.A. MERRILL LYNCH INTERNATIONAL & CO.

SAMUEL MONTAGU & CO. LIMITED MORGAN STANLEY INTERNATIONAL

SMITH BARNEY, HARRIS UPHAM & CO. Incorporated SUMITOMO FINANCE INTERNATIONAL

UNION BANK OF SWITZERLAND (SECURITIES) LIMITED S. G. WARBURG & CO. LTD.

These securities having been sold, this announcement appears as a matter of record only.

May 19, 1982

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday June 16.

Closing prices on June 3

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97 ...	150	101¾	102¼	−0⅛	−0¼	14.25
Amax Int. Fin. 16½ 92	75	103¾	103⅝	0	−1⅜	15.52
Amex O/S Fin. 14¼ 89	75	97¾	97⅝	+0⅛	−0⅜	14.86
APS Fin. Co. 16½ 89 ...	75	102	102½	0	−1⅛	15.62
ATT 14¼ 89	400	102⅛	102⅜	+0⅛	−0⅛	13.63
Baker Int. Fin. 0.0 92	225	†26½	27	−0⅛	−1	14.52
BHP Finance 14¼ 89 ...	150	98¼	98¾	0	−0⅜	15.10
Bk. Amer. NT SA 12 87	200	92⅜	92⅞	−0⅛	−0⅞	14.17
Bk. Montreal 14½ 87 ...	100	98¼	98¾	−0⅛	−0½	14.94
Bque. Indo Suez 15 89	100	98⅛	98⅝	0	−0⅜	15.38
British Col. Hyd. 14½ 89	200	100	100½	−0⅜	−1¼	14.67
Burroughs Int. 15¾ 88	50	102⅞	103⅜	0	−1⅛	14.86
Canadair 15½ 87	150	100⅝	101⅛	−0⅛	−1	15.17
Canadian Pac. 14⅝ 92	75	97⅜	98⅛	0	−1⅜	15.05
Carolina Power 16½ 89	60	102⅞	103⅜	−0⅛	−1½	15.65
CIBC 16 87	100	101¾	102¼	0	−0¼	15.32
Citicorp O/S 15 84/92	100	100⅛	100⅝	0	−0½	14.68
Citicorp O/S 15½ 85/97	125	100⅞	101⅜	−0⅛	−0⅝	14.88
CNA 15⅞ 97	75	100⅛	100⅝	−0⅛	−1	15.77
Con. Illinois 15⅜ 89 ...	100	102	102½	0	−0¼	15.14
Duke Pwr O/S 15½ 89	60	101⅜	101⅞	−0⅛	−1¼	15.07
Dupont O/S Cap. 0.0 90	300	35⅜	35⅞	−0⅛	−0⅞	14.37
ECSC 14⅜ 87	50	99	99½	+0⅛	−0½	14.93
EIB 15½ 89	150	100⅛	100⅝	−0⅛	−1⅛	15.36
Eksportfinans 14½ 89 ...	50	97⅝	98⅛	0	−0⅞	15.00
Gen. Elec. Credit 0.0 92	400	27½	28	−0½	−1½	14.12
Gen. Elec. Credit 0.0 93	400	24⅞	25⅜	0	−0⅞	13.77
Getty Oil Int. 14 89 ...	125	98	98½	−0⅛	−1¼	14.40
GMAC O/S Fin. 16 88	150	102	102½	0	−0⅞	15.32
GMAC O/S 15¼ 85/97	100	99	99½	0	−0¼	15.53
GMAC O/S Fin. 15 89	125	99⅛	99⅝	+0⅛	+0⅛	15.14
GMAC O/S Fin. 15 87	100	98	98½	−0⅛	−0½	15.52
Gulf Canada Ltd 14⅜ 92	100	99⅜	99⅞	−0⅛	−1¼	14.80
Gulf Oil 14¼ 94	175	98¼	98¾	−0⅛	−1⅛	14.50
Gulf Oil Fin. 0.0 92 ...	300	27½	28	+0⅛	−1¼	14.06
Gulf States O/S 16 90	60	99¾	100¼	0	−1½	15.97
Int-Am. Dv. Bk. 15⅛ 87	55	99½	100	+0⅛	−0⅞	15.12
Japan Dev. Bk. 15½ 87	50	103	103½	+0¼	−0⅜	14.43
New Brunswick 16¼ 89	75	103⅜	103⅞	−0⅛	−1⅜	15.30
Ontario Hydro 14⅜ 89...	150	100⅞	101⅜	−0⅛	−0¼	14.46
Pac. Gas & El. 15¼ 89	80	103⅛	103⅝	+0⅛	−0⅜	14.85
Pac. Gas & El. 15½ 89	45	102⅜	102⅞	0	−1	14.83
J. C. Penney Gl. 0.0 94	350	21¼	21¾	−0⅛	−1⅛	14.03
Phillips Petrol 14 89 ...	200	96⅞	97⅜	−0⅛	−0¼	14.67
R.J. Rynlds. O/S 0.0 92	400	26⅝	27⅛	0	−1⅛	14.43
Saskatchewan 16 89 ...	125	103	103½	−0⅛	−1⅛	15.15
Shell Canada 14⅜ 92 ...	125	98¼	98¾	0	−0⅝	14.69
Spain 15¾ 87	100	99⅜	99⅞	0	−0⅜	15.82
Statsforetag 15¾ 87 ...	50	100	100½	0	−0⅛	15.58
Swed. Exp. Cr. 15⅝ 89	100	98⅞	99⅜	+0⅛	−0⅜	15.42
Swed. Exp. Cr. 14⅜ 90	100	95⅞	96⅜	0	−0⅛	15.62
Swed. Exp. Cr. 0.0 94	200	21¼	21¾	0	−0⅜	13.95
Union Carbide 14⅜ 89	150	99¾	100¼	−0½	−1	14.73
Wells Fargo I. F. 15 87	75	100⅛	100⅝	−0½	−1⅛	14.79
World Bank 15⅛ 88 ...	250	99⅝	100⅛	−0⅛	−1⅛	15.23
World Bank 14¼ 87 ...	500	97	97½	0	−1⅛	15.06

Average price changes...On day −0⅛ on week −1.

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 9¾ 92	150	99⅝	100⅛	+0⅛	0	9.28
Australia 9¾ 91	300	103⅜	103⅞	+0⅛	−0½	8.80
Australia 9⅝ 91	200	103⅜	103⅞	+0⅛	−0½	8.77
Canada 8½ 89	200	100⅝	101⅛	+0⅛	+0⅛	8.32
Comp. Tel. Esp. 10½ 92	100	100⅞	101⅜	−0⅛	−0½	10.30
Denmark 10 88	100	100⅞	101⅜	0	−0⅜	9.69
Denmark 10⅛ 92	100	101⅝	102⅛	0	−0¼	9.78
EDF 9⅞ 92	100	101	101½	0	0	9.64
EEC 10¼ 93	100	102⅞	103½	+0¼	+0⅛	9.64
EEC 9¾ 94	200	102⅝	103⅛	0	+0⅛	9.32
EIB 9¾ 88	60	101¼	101⅞	−0⅛	−0¼	9.41
Int.-Am. Dev. Bk. 8 92	150	98⅞	99⅜	−0⅛	−0¼	9.11
Ireland 10⅛ 86	100	101¾	102½	+0⅛	+0⅞	9.49
Mexico 11 88	100	101⅜	101⅞	+0½	−0⅛	10.64
Nacnl. Financiera 11 90	150	99⅜	99⅞	0	0	11.05
Nat. West. 9⅞ 92	100	103⅝	104⅛	−0⅛	−1	9.25
OKB 9⅜ 86	150	102	103	+0⅛	0	9.20
Quebec 10⅛ 92	150	104⅜	105⅛	−0½	−0⅞	9.34
Quebec Hydro 10⅜ 91...	150	103⅝	104	−0⅛	0	9.63
Renfe 10 92	100	99⅞	100⅜	+0¼	+0⅞	9.98
Tauernautobahn 9⅞ 94	50	102⅜	103¼	+0⅛	−0¼	9.43
World Bank 9½ 89	100	101⅝	102⅝	−0¼	0	9.08
World Bank 10 91	250	104⅜	105½	+0¼	+0¼	9.15

Average price changes...On day 0 on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Ansett Transport 7½ 92	50	103½	103¾	0	+0¼	6.96
Aucalsa 7¾ 92	80	99	99¼	0	+0⅛	7.88
Australia 6⅞ 94	100	103½	103¾	0	+0½	6.06
Cse. Nat. l'Energie 7 92	100	101¾	102	+0½	−0⅛	6.73
CFE-Mexico 8¼ 92	50	99	99¼	−0¼	+0⅛	8.38
Co-op. Denmark 8⅛ 92	25	105	105¾	+0⅛	+0⅜	7.61
Crown Zellrbch. 6¾ 92	100	102¼	102½	0	+0½	6.41
Denmark 7¼ 91	100	102	102¾	−0½	−0⅞	6.93
EIB 7¼ 92	100	103¼	103½	−0¼	−0⅞	6.76
Elet. de France 7 92 ...	100	102¾	103	+0½	+1¼	6.58
ENEL 8 92	44	102	102¾	0	−0⅞	7.67
First City Fin. 8¼ 92...	25	103¾	104	+0½	+0½	7.66
Kommunlans 7¾ 92 ...	35	101	101¾	0	+0⅜	7.09
Manitoba 7 92	100	105¼	105½	−0¼	+0½	6.24
Mitsui OSK 6½ 92	100	101	101¼	+0⅛	0	6.34
National Pwr. Co. 8 92	30	103¾	104	+0¼	+0⅛	7.42
Nippon T. and T. 6⅜ 92	100	103⅝	103⅞	+0¼	+1¼	6.10
OKB 7¾ 92	100	104¾	104½	0	0	7.11
Ost. Donaukraft 7 92...	100	102½	103	+0⅛	−0½	6.60
Ost. Postspar 7½ 92 ...	100	103⅜	103⅞	+0⅜	+0½	6.95
Philip Morris 6⅜ 92 ...	100	103¾	104¼	−0¼	+1⅛	6.07
Quebec 7⅜ 92	100	105¼	105⅝	−0⅛	+0½	6.59
Sekisui Pre. 5¾ 92 WW	70	104¼	104½	+0⅜	−0⅜	5.17
Soc. Lux. de Cnt. 8⅛ 92	80	105	105½	−0½	−0⅛	7.23
Transcanada Pipe. 7 94	100	100½	100¾	0	0	6.91
Vorarlberg Kraft 6⅜ 92	50	102⅞	103⅛	−0⅛	+0½	6.33

Average price changes...On day 0 on week +0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¼ 91...	15	100	101	+0½	0	8.16
Int.-Amer. Dev. 8⅞ 91...	15	102¾	103⅛	−0¼	0	8.43
Japan Airlines 7⅞ 87...	9	96⅞	96⅞	−0⅞	−1	8.76
New Zealand 8⅜ 87 ...	15	99½	100½	+0⅛	−0⅛	8.37
World Bank 8⅛ 92	20	98⅛	98¾	−1½	−2	8.60

Average price changes...On day −0⅜ on week −0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Pac. S. 16⅜ 89 C$	50	†98½	99	−0½	−0⅜	16.86
Crd. Foncier 17¼ 89 C$	30	†99½	100	−0½	−0¼	17.16
Hudson Bay 17 89 C$...	40	†99½	100	−0¼	−0¼	17.04
Nacional Fin. 17¾ 87 C$	50	†97¾	98¼	−0⅛	−0¼	18.25
Q. Hyd. 16½ 89 (Mr) C$	50	†98¾	99¼	−0¼	−0⅜	16.57
Q. Hyd. 16½ 89 (My) C$	50	†99	99½	0	+0¼	16.68
Simpsons 16¾ 89 C$ ...	40	†97	97½	−0⅛	−0⅜	17.40
U. Bk. Nwy. 9½ 90 EUA	18	89½	90¼	0	0	11.47
Amro Bank 10 87 Fl ...	150	99⅛	99⅝	0	−0⅜	10.18
Bk. Mees & H. 10 87 Fl	75	98⅞	99⅜	+0⅛	−0¼	10.22
Eurofima 10½ 89 Fl	50	100½	101	−0⅛	−0⅜	10.33
Phil. Lamps 10¼ 87 Fl...	100	100⅜	100⅞	−0⅜	−1⅛	10.07
Rabobank 12 86 Fl	50	105⅝	106½	−0⅝	−0⅛	10.15
World Bank 10 87 Fl ...	150	98¼	99¼	+0⅛	−0⅜	10.27
OKB 14 86 FFr	400	92½	93½	0	−0¼	16.75
Solvay et C. 14¾ 86 FFr	200	92⅜	93¼	+0⅛	−0⅛	17.45
Acona 14 85 £	20	95¼	96¼	0	0	15.37
Beneficial 14¼ 90 £ (D)	20	89⅛	90⅛	+0¼	+1	16.54
BNP 13½ 91 £	15	93⅜	94⅞	+0⅛	+0½	14.75
CECA 13½ 88 £	20	95	96	+0⅛	+0⅜	14.57
Fin. Ex. Cred. 13¾ 86 £	15	95	96	+0⅛	+0¼	15.34
Gen. Elec. Co. 12½ 89 £	50	92⅞	93⅞	+0⅛	+0½	14.05
Hiram Walker 14⅜ 86 £	25	97¾	98¾	+0⅛	+0⅜	14.84
Privatbanken 14½ 88 £	12	94½	95⅞	−0¼	0	15.94
Quebec 15½ 87 £.........	35	101⅞	102⅞	+0¼	+0⅜	14.73
Reed (Nd) NV 16⅜ 89 £	25	102⅞	103⅞	0	+0⅜	15.84
Royal Trustco 14 86 £...	12	98⅛	99⅛	+0⅛	+0¼	14.44
SDR France 15½ 92 £...	30	99⅞	100⅞	+0⅛	+0⅛	15.44
Swed. Ex. Cr. 13⅜ 86 £	20	97⅛	98⅛	0	+0⅛	14.46
Eurofima 10½ 87 LuxFr	500	95⅞	96⅞	0	−0⅛	11.40
EIB 9¾ 88 LuxFr.........	600	92⅝	93⅝	−0⅛	−0⅜	11.44

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	98⅛	98⅝	15/10	15.69	15.96
Bank of Montreal 5¼ 91	0⅛	98¾	99¼	29/10	15⅛	16.28
Bk. of Tokyo 5¼ 91 (D)	0⅛	98⅞	99⅜	10/6	13¼	13.38
Bk. Nova Scotia 5¼ 93	0⅛	99⅛	99⅞	29/10	15⅛	15.18
BFCE 5¼ 88	0¼	99¼	99¾	28/10	15	15.08
BFCE 5¼ 87	0¼	99⅜	99⅞	27/7	16⅛	16.31
Caisse Nat. Tele. 5¼ 90	0¼	99¼	99¾	21/10	15¼	15.83
CCCE 5¼ 2002	0⅜	98⅜	98⅞	11/6	14.82	15.02
Co-Ban Eurofin 5½ 91...	0¼	99¼	99⅝	14/10	16	16.10
Credit Agricole 5¼ 97...	0¼	99¼	99¾	24/9	15.44	15.52
Credit Lyonnais 5¼ 97...	0⅛	99⅜	99⅞	1/10	16	16.06
Credit Nat. 5¼ 94	‡0¼	98⅞	98⅞	9/6	14.69	14.89
Denmark, Kngdm. of 92	0⅛	99⅛	99⅜	25/8	15.44	15.55
Den Norske Cred. 5½ 93	0¼	98	98½	4/6	13.56	13.80
Indonesia 5¼ 92	0¼	*98⅝	99⅛	29/11	14¼	14.92
Ind. Bank Japan 5¼ 88	0⅛	99⅛	99⅝	12/11	14½	14.59
Kansallis Osake 5½ 92	0¼	99⅜	99⅞	6/11	15.31	15.37
Lloyds Eurofin 5¼ 93 ...	§0¼	99¼	99¾	29/10	17⅛	17.21
Long Term Cred. 5¼ 92	0¼	98⅜	98⅞	29/11	14⅝	14.83
J. P. Morgan 5¼ 97......	§0¼	98⅜	99⅛	12/8	14⅝	14.77
Nat. West. Fin. 5¼ 91....	§0¼	99¼	99¾	15/7	15.19	15.28
New Zealand 5¼ 87......	0⅛	99½	100	7/10	15.56	15.60
Nippon Credit 5¼ 90 ...	0⅛	99⅛	99⅝	10/8	16.06	16.16
Offshore Mining 5¼ 91	0¼	99	99½	2/6	13	13.10
PKbanken 5 91............	0¼	99¼	99¾	17/6	14¼	14.45
Scotland Int. 5¼ 92......	0⅛	98⅞	99⅜	23/9	15⅜	15.51
Sec. Pacific 5¼ 91	0⅛	99⅜	99⅞	24/11	15	15.06
Societe Generale 5¼ 95	0¼	99¼	99¾	1/9	15.31	15.39
Standard Chart. 5¼ 91	0⅛	98⅞	99⅜	18/11	14⅞	15.01
Sumitomo Fin. 5½ 88 ...	0⅜	99⅝	100⅛	9/8	16	16.02
Sweden 5¼ 89	0¼	99⅜	99⅝	26/8	15.31	15.41
Toronto Domin'n 5¼ 92	0⅛	98⅝	99¼	11/8	16⅜	16.46

Average price changes... On day +0⅛ on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	86½	88	+0¾	4.38
Bow Valley Inv. 8 95 ...	4/81	23.12	100½	102	+1	81.75
Bridgestone Tire 5½ 96	3/82	470	83	84½	+0¾	−3.02
Canon 6¾ 95.............	1/81	829	92¾	94¼	+1¼	11.20
Daiwa Secs. 5½ 96	12/81	513.3	†64	66	+2	8.19
Fujitsu Fanuc 4½ 96......	10/81	5641	92	94	+0¾	14.55
Furukawa Elec. 5¼ 96...	7/81	300	93	94½	0	−4.20
Hanson O/S Fin. 9½ 96	8/81	1.36	†84	85	−0½	−15.55
Hitachi Cable 5¼ 96......	2/82	515	89½	91	+0¼	3.04
Hitachi Cred. Cpn. 5 96	7/81	1612	78½	80¼	+0½	8.83
Honda Motor 5½ 97......	3/82	841	81½	83	−2¼	−0.59
Inchcape 8 95	2/81	4.55	†58½	60	+0½	18.13
Kawasaki 5⅜ 96	9/81	229	62½	64	0	2.51
Marui 6 96	7/81	846.4	104	105½	+1	3.99
Minolta Camera 5 96...	10/81	826.4	61½	63	−0¼	18.97
Minorco 9¼ 97	5/82	8.16	†86½	88	+0½	34.16
Murata 5¼ 96	7/81	2168	68¼	69¾	−0⅛	9.13
NKK 6½ 96	7/81	188	76½	78	0	−12.28
Nippon Chemi-C. 5 91...	10/81	919	63	65	−1	15.12
Nippon Electric 5¼ 97...	2/82	948	92½	94	−0¾	2.58
Orient Finance 5¼ 97 ...	3/82	1205	94¾	96¼	+1⅛	10.04
Sanyo Electric 5 96......	10/81	652	71	72½	−0½	13.96
Sumitomo Elec. 5½ 97...	3/82	577.3	88	89½	+0⅛	3.63
Sumitomo Met. 5¼ 96...	10/81	296.1	63½	65	+0⅛	28.09
Swiss Bk. Cpn. 6¼ 90...	9/80	191	78	80	0	30.67
Konishiroku 6 90 DM ...	2/82	585	101	102	0	2.58
Mitsubishi, H. 6 89 DM	2/82	263	92	93	0	17.63

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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Terry Dodsworth reports on a French engineer's foreign expansion

Exports bonanza for Alsthom

ALSTHOM-ATLANTIQUE, the French heavy engineering group, is moving through a period of explosive growth overseas. Its power stations, turbines and railway equipment are all products for which demand in the developing world is healthy, and in the last few years the company has shown the ability to cash in on the demand.

Its expansion demonstrates the underlying strength of France's drive into foreign markets. At the same time, however, it illustrates some of the weaknesses that are becoming apparent across the broad range of French exporting industry.

The group's development is shown by its export order book, which grew by 56 per cent last year from FFr 5bn to FFr 7.8bn ($1.3bn). Some 43 per cent of the company's orders are now accounted for by overseas contracts, against 37 per cent in 1980, and Alsthom expects another 50 per cent increase in foreign business this year.

Two main characteristics stand out in this growth pattern. The first is the enormous weight of big contracts in the total order book. In 1981, some 20 contracts of over FFr 40m generated 70 per cent of the total value of foreign orders.

It is equally noticeable that Alsthom is heavily reliant on some sort of favourable export credit arrangements for the bulk of its overseas sales. Last year, 62 per cent of exports were financed in some way, against 61 per cent in 1980. Virtually all of this was through buyers' rather than suppliers' credits. A little more than 7 per cent was financed via mixed credits (normal export credits mixed with extremely soft direct aid loans) against an average of 8.3 per cent over the last four years.

The weight of export credit financing is not surprising given

EXPORT ORDERS

	Ffrs
1978	3.2bn
1979	4.6bn
1980	5.0bn
1981	7.8bn

Exports are beginning to dominate Alsthom's order books. At the end of 1981, the foreign proportion of new orders accounted for 43 per cent of the total. This year a further rapid rise is expected for new foreign business, possibly of around 50 per cent

the amount of contracts Alsthom has won in the developing world. Among its top clients last year were Brazil, Cuba, Mexico and Indonesia. But the strength of Alsthom's position in these markets shows up its relatively limited role in developed industrial economies such as the U.S. or West Germany.

Both of these factors—the number of big contracts and the reliance on export finance—underline France's heavy dependence on big contracts and the developing world in its overseas trade. The ability to win these sort of orders is not a bad thing in itself—indeed, as Alsthom demonstrates, French engineering is deeply respected throughout the world.

Nevertheless, this bias in the trading structure shows a serious imbalance in French industry. Exports to the developed industrial world remain fragile, while the number of small companies effectively operating overseas is limited.

By contrast, French planners believe that one of the strengths of West German industry is the number of small and medium-size companies doing business overseas, often in sophisticated markets. This gives a balance and depth to the country's exports which France does not share.

A third problem is one in which Alsthom itself is directly concerned—the quality of overseas sales networks. Studies of France's overseas trade repeatedly show that French companies suffer from a lack of distribution know-how and facilities abroad. For small exporters and medium size contracts, this weakness clearly places a significant brake on expansion.

Unlike many competitors, Alsthom has made a big effort in this area in recent years. The company has been helped in this by its links with CGE, the electrical conglomerate which has just been nationalised, and which controls Alsthom. With CGE's suport, it has permanent representation in almost 50 countries.

But Alsthom is now convinced that it has to go one step further, and start investing heavily overseas to set up a manufacturing presence in some of these markets. Here again, the company mirrors a general problem in French industry, which lags well behind other big exporting nations like the UK, West Germany or U.S. in the extent of its foreign investments.

Alsthom would probably have launched this effort earlier if it had not been so heavily involved in the French nuclear power programme, which has involved big expenditure on its domestic plants. But it has recently taken a 35 per cent stake in Marine Industrie in Canada, and has also set up a joint company in Brazil with Monteiro Aranha to manufacture electrical products.

One of the problems that is worrying the company is the tendency among the more militant trade unions and part of the French Left to oppose expenditure abroad. This is often seen as undermining investment in France.

The company's response is that it is now essential to manufacture overseas to win contracts. Developing countries want to be associated in the production of the goods they have ordered. "The choice is simple: to export 30 per cent of a contract or nothing at all," says Alsthom.

Like the rest of French industry, it now has to convince the unions that this is true at a time when the pressures on French employment have made it difficult to argue the case.

Fokker faces falling revenues

BY WALTER ELLIS IN AMSTERDAM

FALLING ORDERS have forced Fokker, the Dutch aircraft group, to produce more of its shorthaul airliners for stock.

The company points out that speculative production is a comon feature of aircraft manufacture, but admits that the situation now is more serious than for some time.

Last year, Fokker made a net profit of Fl 10.8m ($4.1m), a figure which it is unlikely to match in 1982. Half-yearly figures, due out in July, are expected to show falling revenues.

New orders for aircraft in recent months have barely kept pace with cancelled existing orders, and it is possible that Fokker will have to cut a number of jobs later in the year if prospects do not improve. The company has so far managed to avoid large-scale job losses, but a continuing lack of demand could yet make redundancies unavoidable.

It is understood that, in a bid to further its research on planned improvements to the turbo-prop F27, Fokker is likely to take up at least part of the Fl 1.7bn loan offered to it by the Dutch Government.

Fokker has been in trouble—as much psychologically as financially—ever since its projected link-up with McDonnell Douglas of the U.S. to build a 150-seat commuter airliner fell through earlier this year.

It plans instead to embark on a joint programme with Lockheed to develop a modified version of the F28 jet.

UCB sells fertiliser unit to BASF

By Giles Merritt in Brussels

UCB, the Belgian chemicals, pharmaceuticals and film group, has sold its fertiliser operations to BASF of West Germany.

UCB yesterday said that it viewed fertiliser production as an increasingly capital intensive activity, and recognised that it was one of the smallest European fertiliser producers.

BASF, in contrast, is one of the European majors in the industry, and the ammonia and nitric acid facilities of the UCB Ostend plant will be absorbed into its fertiliser activities.

Yearly turnover of the Ostend plant is about BFr 2.6bn ($58.1m), and the present workforce there of 810 is expected to be trimmed to 550.

UCB emerged from 1981 with net profits of BFr 257m, against BFr 219m a year earlier. The result was achieved with the aid of exceptional earnings totalling BFr 96m.

Danish brewer increases sales

By Hilary Barnes in Copenhagen

UNITED BREWERIES, the Danish brewer of Carlsberg and Tuborg beers, has increased first half sales by 15 per cent and produced "somewhat better" profits.

Sales increased fastest in the non-brewing subsidiaries, influenced by both price rises and currency changes.

Over the remainder of the year—ending September '82—sales and earnings are expected to continue to develop in line with first half results. However, earnings "could be affected" by a proposed increase in the excise tax on beer.

● Alhstrom, one of the largest private sector industrial groups in Finland, reports a 14.4 per cent increase in turnover to FM 3.03bn ($760m) for 1981, but a slight fall in net earnings to FM 28.8m. It is maintaining a 12 per cent dividend.

Benetton takes control of Italian shoe maker

BY JAMES BUXTON IN ROME

BENETTON, the fast growing Italian jeans and knitwear manufacturer, has taken control of Calzaturificio di Varese, a leading shoe maker based north of Milan.

Though few details of the transaction have been disclosed, it is clear that Benetton plans to apply its highly successful manufacturing and marketing techniques to footwear.

Last year, Benetton's turnover rose 60 per cent to L321.6bn ($247m), and by the end of May had reached L174bn with L450bn forecast for the year. Some 40 per cent of last year's sales were abroad.

The company is Italy's leading manufacturer of jeans and is said to be the biggest consumer of pure wool in Europe. Since 1975, the number of shops it owns or franchises has increased from 200 to about 2,000, a quarter of them outside Italy.

Its success has been based on acute fashion sense, and tight financial control. Production techniques are flexible.

Recently, Benetton announced that it was to create a sales network in Japan where it will open seven shops as on a trial basis. The agreement, in co-operation with two Japanese store chains, envisages the eventual opening of 120 shops.

Benetton's profits are not disclosed. The company is owned by the Benetton family.

Strong gain for Rodamco

By Our Financial Staff

RODAMCO, the Dutch investment fund, raised its net profit for the year ended February 28 to Fl 24.9m ($9.5m) from Fl 20.4m.

It is to pay a dividend of Fl 3.80 cash against Fl 3.20 last time plus 3 per cent in shares from the share premium reserves.

This advertisement complies with the requirements of the Council of The Stock Exchange.

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S. G. Warburg & Co. Ltd.
Westdeutsche Landesbank Girozentrale
Westfalenbank Aktiengesellschaft
Dean Witter Reynolds Overseas Ltd.
Wood Gundy Limited
Yamaichi International (Europe) Limited

These Shares having been placed, this announcement appears as a matter of record only. — 27th May 1982

Norgas AS

Private Placement of 800,000 Shares

Arranged by

Bank of America International Limited

and

Christiania Bank og Kreditkasse

Brokers to the Placing

Rowe & Pitman — 1st Floor, City-Gate House, 39-45 Finsbury Square, London EC2A 1JA

E.B. Savory, Milln & Co. — 20 Moorgate, London EC2R 6AQ

ANDELSBANKEN DANEBANK

ANDELSBANKEN A/S Copenhagen

U.S. $30,000,000 Floating Rate Capital Notes due 1984

For the six months 4th June, 1982 to 6th December, 1982 the Notes will carry an interest rate of 15 1/8 per cent per annum.

The Notes are listed on the Luxembourg Stock Exchange.

By Morgan Guaranty Trust Company of New York, London Agent Bank

UNITED MIZRAHI INTERNATIONAL INVESTMENTS N.V.

US$10,000,000 FLOATING RATE NOTES 1983 UNCONDITIONALLY GUARANTEED BY UNITED MIZRAHI BANK LIMITED

In accordance with the provisions of the Notes notice is hereby given that for the six-month interest period from May 28th, 1982 to November 30th, 1982 Notes will carry an interest rate of 15 3/4 per annum.

These Notes have been sold. This announcement appears as a matter of record only.

New Issue May 1982

Bancomer, S.A.

(A private banking institution incorporated in the United Mexican States with limited liability)

U.S.$60,000,000
Subordinated Floating Rate Notes
due 1986-1990

Orion Royal Bank Limited

Banco Popular Español, S.A. | Bank of America International Limited
Bank of Tokyo International Limited | Bankers Trust International Limited
Chemical Bank International Limited | Citicorp International Bank Limited
Daiwa Europe Limited | Libra Bank Limited
Manufacturers Hanover Limited | Texas Commerce International Limited
Wells Fargo Limited

Abu Dhabi International Bank Inc. | LTCB International Limited | Mitsubishi Bank (Europe) S.A.

C.N.B.S. 601-II-30049-13/05/82

$200,000,000
SECURITY PACIFIC CORPORATION
Zero Coupon Notes Due 1987
Due June 1, 1987

Price 51.0700%
Plus accrued amortization of original issue discount, if any, from June 1, 1982.

Upon request, a copy of the Prospectus describing these securities and the business of the Company may be obtained within any State from any Underwriter who may legally distribute it within such State. The securities are offered only by means of the Prospectus, and this announcement is neither an offer to sell nor a solicitation of any offer to buy.

Goldman, Sachs & Co. | The First Boston Corporation

May 24, 1982

This advertisement appears as a matter of record only

SOCIETÀ MINERARIA E METALLURGICA DI PERTUSOLA SpA
PERTUSOLA SUD SpA
Members of the Penarroya Group

US$ 25,000,000
Term Loan

Arranged by
Credito Italiano

Funds provided by
Canadian Imperial Bank Group
Credito Italiano, London | Credit Suisse
Midland Bank France S.A. | National Bank of Canada

Agent
CREDITO ITALIANO, LONDON

May 1982

JAPANESE CORPORATE RESULTS

Oil companies suffer heavy losses

BY CHARLES SMITH IN TOKYO

JAPANESE OIL companies unconnected with Aramco, the Saudi Arabian operating company—and therefore dependent on relatively high-cost oil imports — have reported extremely heavy losses for the year ended in March.

The heaviest loser was Maruzen Oil Company, whose operating loss of Y99.3bn ($405m) is believed to be the largest ever incurred by a Japanese company. Other non-Aramco affiliated companies which reported heavy losses were Mitsubishi (in the red by Y44.8bn) and Taikyo (a loss of Y37.9bn).

Companies with Aramco affiliations, and therefore with access to cheap Saudi Arabian crude, reported relatively better results, but still did worse on the whole than in the previous business year. Nippon Oil Company, the industry leader, suffered an 83 per cent fall in operating profits to Y17.3bn, while General's profits fell by 85 per cent to Y4.05bn.

Problems shared by all Japanese oil companies during 1981-82 included the weakening of the yen exchange rate, which resulted in heavy foreign exchange losses for oil importers, and the high U.S. interest rates, which greatly increased their financial burden. The oil companies incur dollar liabilities for their oil imports but receive their income in yen. Oil imports are financed by dollar denominated usance credits, the rates in which are linked to U.S. domestic interest rates.

Foreign exchange losses alone cost Maruzen Y51.2bn in 1981-1982—compared with foreign exchange gains of Y66bn in the previous year. Nippon Oil suffered a Y44.6bn foreign exchange loss.

Because of their heavy losses three companies, Mitsubishi, Taikyo and Fuji Kosan, suspended dividend payments for 1981-82. Maruzen announced a continuation of the no-dividend policy it had already introduced.

Although the oil companies suffered a sharp deterioration in their business during 1981-82, the first half of the year was much worse than the second half. Losses fell from the autumn of 1981 onwards as the industry managed to introduce price increases after carrying out production cuts during the summer.

OIL COMPANY RESULTS

	Sales Y bn	Change %	Operating profit Y bn	Change %	Net profit Y bn	Change %	Dividend %
Nippon Oil	3,596	+5	17.3	−83	8.3	−82	6.0
Maruzen	1,829	+6	*99.3	—	*71.1	—	—
Mitsubishi	1,340	+2	*44.9	—	*32.7	—	—
Koa	630	+2	*7.5	—	*1.3	−89	10.0
Taikyo	1,215	+26	*37.9	—	*72.9	—	—
General	835	+7	4.1	−85	2.7	−64	12.5

* Loss.

Overall operating profits show improvement

BY YOKO SHIBATA IN TOKYO

JAPANESE CORPORATIONS' earnings in the half-year to last March showed some recovery from the levels of the past 18 months, according to a survey conducted by the Nihon Keizai Shimbun, the nation's leading economic daily newspaper. But the main reason for improvement appears to have been merely that the weakest industrial sectors managed to staunch their losses. The outlook in the current half-year ending September 1982 is for a levelling off, as compared with the previous half-year.

The Nihon Keizai survey, covering 858 companies listed on the nation's eight stock exchanges, shows that operating profits in the March 1982 half-year rose by 19.4 per cent over the previous September 1981 half-year. It showed only a 13.7 per cent gain, if oil and electric power companies are excluded.

Sales by the 858 companies rose by 8.4 per cent over the previous September 1981 half-year.

Gains in operating profits were achieved after earnings setbacks had been experienced in the two previous half-year business periods (March 1981 and September 1981). The September 1980 half-year remains unrivalled as the best period ever for Japanese business results.

Manufacturing companies enjoyed a rise of 28.5 per cent in operating profits in the six months to March 1982. Marked earnings gains were reported by basic materials industries, which provided the major impetus for the overall earnings recovery, in addition to the contribution from some processing industries including the makers of computers, semiconductors and video tape recorders.

The paper and pulp industry's earnings improved six-fold from the previous half year, thanks to the market recovery brought about by the so-called "recession cartel" and to lower materials costs.

The pharmaceutical industry achieved buoyant earnings, helped by newly developed drugs such as the third generation of caphalosporins. Other processing industries such as cars and precision machinery, showed earnings setbacks.

Setbacks in results of motor components makers depressed the earning of the automobile sector, even though car assemblers maintained high earnings thanks to the yen's depreciation and to higher export prices.

Setbacks in the precision engineering industry were blamed on a sharp fall in domestic camera sales, which wiped out the beneficial effects of a cheaper yen.

An improvement in the financial balance of companies reflecting the lower level of interest rates, also contributed to better than expected earnings.

In the current half year ending September, the survey indicates a 16.9 per cent fall in operating profits of the 858 companies compared with the March 1982 half year (or a 12.8 per cent fall if the oil and electric power companies are excluded).

Tata Finlay passing into Indian hands

By P. C. Mahanti in Calcutta

TATA FINLAY, India's largest and most diversified tea company, will become wholly Indian owned when an agreement recently concluded between James Finlay and McLeod Russell, the foreign shareholders, and Tata is cleared by the Government.

Under the agreement, the foreign shareholders have offered to sell their interests in Tata Finlay to Tata, their associates and nominees. The latter have agreed to acquire the interests subject to government approval.

The total authorised share capital of the company is Rs 100m ($10.7m), of which Rs 80m has been issued, subscribed and paid up. The reserves of the company totalled Rs 65.7m on December 31 last year.

Tata Finlay was founded in 1962 with Tata and James Finlay as partners to make packet teas, and for the first time in India, instant tea. Its instant tea plant in Kerala is being expanded.

Tata Finlay did badly for the second year running last year because of a smaller tea crop and largely unremunerative prices.

The company's sales totalled Rs 754m compared with Rs 731m in 1980. The dividend was passed.

● The Ceat group is selling 11 per cent of its shareholding in Ceat Tyres of India (CTIL) to Goenka group of Calcutta. Ceat is forging a partnership with Goenka to run the Indian tyre company.

Boom for Australian motors

BY MICHAEL THOMPSON-NOEL IN SYDNEY

IN CONTRAST to the gloom prevailing in the Australian energy and mining sectors, this is proving a vintage—not to say a record—year for Australian car makers.

Mitsubishi Australia, which bought the ailing local Chrysler operation for A$80m (U.S.$84m) two years ago, was first off the mark, reporting a record profit for 1981 of A$17.7m, thanks to impressive productivity gains, while man hours per vehicle were cut by almost half.

Now Ford Australia and General Motors Holden have confirmed the trend, Ford reporting a 1981 profit of A$49.03m against a negligible A$283,000 in 1980, on sales of A$1.13bn against A$879m, and GM-H reporting 1981 profits of A$6.1m against a loss of A$129.8m in 1980, on sales of A$1.18bn compared with A$991m.

Nissan's latest figures are not due until August. Nor are those of Australian Motor Industries, the passenger vehicle arm of Toyota Australia, which hopes to sell 66,000 cars this year, against 55,716 last year.

But both are thought to be prospering, along with their bigger rivals—despite record local interest rates, relatively high unemployment, and depressed spending in other retail areas.

Vehicle sales in the first quarter totalled 146,019, 65 per cent higher than in the same period last year and the best March quarter on record. Analysts expect 1982 to prove a record as a whole, with sales approaching 620,000 against 606,284 last year, of which 453,779 were passenger cars, the rest commercial vehicles.

It is reckoned Australian built vehicles accounted for 76.8 per cent of the 1981 sales total, against 23.2 per cent for imports.

Ford led the market in April, with 22.7 per cent, and for the year to date is just 0.5 per cent behind GM-H. Its unequivocal aim is to topple GM-H as market leader, though no-one has beaten GM-H on a full-year basis since 1951, when BMC—now the UK's BL—held sway.

Ford's record 1981 profit would have been higher but for a four-week strike at its Broadmeadows plant, which cost it 13,000 vehicles and around A$4m in profit. The Ford Laser, which is assembled in Sydney, is the Mazda 323 in all but name, has proved a winner.

GM-H says it expects the Commodore to remain a best-seller, and that it expects great things of the face-lifted Gemini and the new Camira, due in July.

Toyota has changed its entire model line-up in an attempt to stay third on the sales ladder, ahead of Datsun, but both have to contend with Mitsubishi, which intends building 65,000 Sigmas this year.

United Gulf Bank flotation expected

BY MARY FRINGS IN BAHRAIN

THE KUWAITI-CONTROLLED United Gulf Bank (UGB) is expected to go public this summer, following the call-up on June 1 of the remaining 25 per cent of the subscribed capital of US$150m, and an increase in authorised capital to $250m.

As an established bank, in operation as an offshore banking unit (OBU) in Bahrain since mid-1981, UGB is not affected by the Bahrain monetary agency's moratorium on share flotations for new financial institutions. The bank reported a profit of $17.2m for 1981, representing a return on average equity of 30 per cent. Total assets (excluding contra accounts) currently stand at $650m, against $410m at the year end.

In July or August, UGB is to issue new shares worth $50m, of which $18m will be offered to the 56 existing private sector shareholders, $20m to Bahraini citizens and $12m citizens of other Gulf States. The new shares are expected to carry a premium, but the amount has yet to be decided.

The bank has also announced its intention to build a 10-12 storey headquarters in Bahrain's diplomatic area, at a cost of some $5m.

Earnings pegged at Plate Glass and Shatterprufe

BY OUR JOHANNESBURG CORRESPONDENT

Plate Glass and Shatterprufe Industries, which is one of South Africa's largest glass manufacturers, started to suffer from the country's economic slowdown in the latter part of the year ended March 31 1982.

Although turnover for the year rose by 33.3 per cent to R478.4m ($443m) from R357.7m, pre-tax profit rose by only 17 per cent, to R65.1m from R55.6m.

The management blames the performance on increasing pressure on gross margins and accelerating expenses.

The directors are concerned with the rapidness of the decline in demand for the group's products in the last quarter of the financial year.

It is pointed out that the group is totally involved in market segments which are cyclical, and which are expected to decline this year.

A total dividend of 102 cents has been declared from earnings of 231.4 cents a share. In the year ended March 31 1981, earnings were 202.9 cents and the total dividend was 90 cents.

UDA to sell bank stake

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN Government-owned Urban Development Authority has announced that it is selling off its 60 per cent stake in UDA Merchant Bankers.

The purchaser is the Bank Utama Berhad, a small Sarawak-based bank controlled by Haji Bidari Bin Tan Sri Mohamed, a prominent Malay businessman in East Malaysia.

The sale, of which the price has not been disclosed, arose following the Government's directive to UDA to drop its other interests and concentrate on its primary aim of developing urban properties for Bumiputras (Malays) who need such premises to start their business.

UDA Merchant Bank was incorporated in 1975 and had a pre-tax profit of 2m. ringgit ($870,000) in 1980. At December last year, it had a paid-up capital of 5m ringgit and a shareholders' fund of 9.5m.

Its other shareholders are the Hongkong and Shanghai Banking Corporation (25 per cent), Industrial Bank of Japan (10 per cent) and Anthony Gibbs Overseas (5 per cent).

U.S. $30,000,000
NEDLIBRA FINANCE B. V.
(Incorporated with limited liability in the Netherlands, established in Amsterdam)

GUARANTEED FLOATING RATE NOTES DUE 1988
Guaranteed on a subordinated basis by
LIBRA BANK LIMITED
(Incorporated with limited liability in England)

In accordance with the provisions of the Notes, notice is hereby given that for the three month interest period from June 4th to September 7th, 1982 the Notes will carry an Interest Rate of 15% per annum. The interest payable on the relevant date, September 7th, 1982 against Coupon No. 7 will be U.S. $395.83.

By The Chase Manhattan Bank, N.A., London Agent Bank

Den norske Creditbank
U.S. $45,000,000
Floating Rate Subordinated Capital Notes Due 1993
DnC
For the six months 4th June 1982 to 6th December 1982 the Notes will carry an interest rate of 15% per annum with a Coupon Amount of U.S.$385.42 per U.S.$5,000 Note, payable on 6th December 1982
Nordic Bank PLC
Agent Bank

The leading Japanese electronics concern has delayed the launch of its video disc player, but aims to export jobs, and points to its outlays on research and development

Matsushita holds its horses

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

MATSUSHITA Electric Industries will not launch its version of the video disc player — the so-called VHD system, originally developed by Matsushita's affiliate, Victor Company of Japan — until it can come up with software programmes that offer something different from what is already available on video tape, Mr Toshihiko Yamashita, the President of Matsushita has disclosed.

Mr Yamashita says he is certain that it is possible to develop such software, but that at the moment there is no clear idea of the form it might take. He estimates that the search for new video disc programmes might delay introduction of VHD for at least another year.

The VHD system, developed as Japan's answer to the Philips and RCA video disc systems, was to have been introduced last October, but the launch was re-scheduled to April this year "for technical reasons." In March, Victor and Matsushita announced a further, indefinite postponement, attributing their decision to poor sales of other video disc systems in Japan.

Mr Yamashita says he feels certain that VHD still has a "tremendous future," but admits that, for the time being, the video disc appears to be overshadowed by the more versatile video-tape recorder, which can be used for recording as well as for playing back pre-recorded material.

On the question of what kind of software would be most likely to launch VHD into orbit, Mr Yamashita says simply that it should be something which makes the most of the system's advantages—including superior picture quality. The capacity of VHD to store large quantities of data which can be reached by random access is another valuable quality.

Mr Yamashita does not agree with sceptics who claim that the initial video-tape recorder boom in the Japanese and other markets is already spent. Sales doubled in Japan in the most recent full year, he points out and only 11 per cent of Japanese households so far own VTR sets—compared with the 99 per cent who own colour television sets.

Matsushita's overall strategy for developing and launching new products means, Mr Yamashita says, that the company has long since ceased to deserve the nickname of Maneshita Denki—or, in translation, Copycat Electric—pinned on it at a time when it sometimes appeared to be company policy to let competitors develop new products first.

Mr Toshihiko Yamashita (right), president of Matshushita, is closely identified with the technology-first policy that *has made the leading* Japanese electronics concern Japan's second largest private spender on research and development, with a policy of exporting jobs. The video disc player, he says, "has a tremendous future."

The company is still renowned for its extremely powerful Japanese domestic sales network, with 26,000 exclusive retail outlets, but nowadays the company seems a good deal prouder of the fact that it has 15,000 full time researchers and *spends Y150bn* ($630m) a year, equivalent to 4 per cent of turnover, on research and development. The wisdom of a technology-first policy is clear, says Yamashita, from a company like Sony having succeeded in Japan even without a powerful marketing network.

Matsushita differs from Sony in that its products cover the entire range of consumer electronics, from television and audio equipment to home appliances which include such oddities as battery driven pneumatic cork extractors. Nowadays, however, the company does not confine itself to the consumer market. Office equipment, including facsimile machines and small computers, are another *important* line of activity, as are electronic components and energy related products like solar batteries. *Matsushita is, in fact* Japan's largest all round electronics manufacturer with consolidated 1982 sales estimated at Y4,000bn ($17bn).

Given its number one ranking in electronics, it is not surprising to find that Matsushita is one of the three top overseas investors among Japanese manufacturers. However, this is a field in which Yamashita evidently feels that much *remains to be done. His ambition* is to achieve a 50:50 ratio between Matsushita's exports from Japan and the output of its overseas factories.

Yamashita says he is not sure how to approach investment in Europe which he regards (pace the EEC) *as* still being made up, for all practical purposes, of individual national markets. Matsushita's Welsh TV factory, built before Yamashita became *president, to serve* the EEC as a whole, has achieved below-average profits, by group standards, and has a fairly modest export ratio. It will be expanded soon, but Yamashita is not convinced that the way to enlarge the company's European presence further lies in the direction of building more wholly owned factories designed to serve the EEC as a whole. Joint ventures with local partners or joint research projects could hold out more promise, he believes.

Now aged 62, and famed for his exploits as a mountain climber, Mr Yamashita was promoted to the presidency of Matsushita in 1977 after serving 12 years as head of the company's air-conditioner division, which he transformed from one of the least profitable sections of the company into one of the *most successful. Yamashita is* closely identified with the technology-first policy which has made Matsushita Japan's second biggest private-sector spender on R and D, with an insistence that the company must be ready to export the jobs other countries want—not those Matsushita does not want — in its overseas investment programme. He claims that he has converted the initially sceptical Matsushita company union

The video debate

MATSHUSITA of Japan, General Electric of the U.S. and Thorn EMI of the UK, partners in a move to promote the video disc player developed by Matshusita and its subsidiary, Victor Company of Japan, have all put back in recent weeks marketing plans for the product, which offers to compete with the incompatible systems marketed by Philips, of Holland and RCA of the U.S. The disc systems as a whole have found it hard to meet the competition of video tape recorders, which have the *flexibility to record as* well as to play. The video disc, on the other hand offers better picture quality, as well as rapid access to any part of the disc, which may be applied to educational and games purposes.

All of these securities have been sold. This announcement appears as a matter of record only.

May, 1982

4,000,000 Shares

Convergent Technologies, Inc.

Common Stock

L. F. ROTHSCHILD, UNTERBERG, TOWBIN — HAMBRECHT & QUIST

THE FIRST BOSTON CORPORATION — BEAR, STEARNS & CO. — BLYTH EASTMAN PAINE WEBBER Incorporated

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J. HENRY SCHRODER WAGG & CO. Limited — VEREINS- und WESTBANK Aktiengesellschaft — de ZOETE & BEVAN

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U.S.$300,000,000

Medium Term Loan

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Manufacturers Hanover Limited — The Mitsubishi Bank, Limited

Orion Royal Bank Limited — Standard Chartered Bank PLC — The Tokai Bank, Limited

and

Gulf Riyad Bank E.C. — The Hokkaido Takushoku Bank, Limited

National Westminster Bank Group — The Saitama Bank, Ltd.

The Sanwa Bank, Limited — Toronto Dominion International Bank Limited

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Banco Espirito Santo e Comercial de Lisboa *London Branch*

Agent Bank

Manufacturers Hanover Limited

May, 1982

This announcement appears as a matter of record only. The 1987 Notes and the Warrants have not been registered for offer or sale in the United States or to United States nationals or residents.

U.S. $100,000,000

Manufacturers Hanover Overseas Capital Corporation

13⅝% Guaranteed Notes due May 15, 1987

With Warrants to Purchase U.S. $200,000,000 14¼% Guaranteed Notes due May 15, 1989

The 1987 Notes and the 1989 Notes are Unconditionally Guaranteed by

Manufacturers Hanover Corporation

Goldman Sachs International Corp. — Manufacturers Hanover Limited

Banque Nationale de Paris — Banque de Paris et des Pays-Bas

Credit Suisse First Boston Limited — Deutsche Bank Aktiengesellschaft

Merrill Lynch International & Co. — Morgan Stanley International

Salomon Brothers International — Union Bank of Switzerland (Securities) Limited

June 4, 1982

US$100,000,000 Guaranteed Floating Rate Notes due 1992

Lloyds Eurofinance N.V

(Incorporated in the Netherlands with limited liability)

Guaranteed on a subordinated basis as to payment of principal and interest by

Lloyds Bank p.l.c.

(Incorporated in England with limited liability)

In accordance with the terms and conditions of the Notes and the provisions of the Agent Bank Agreement between Lloyds Eurofinance N.V., Lloyds Bank p.l.c., and Citibank, N.A., dated December 2, 1980, notice is hereby given that the Rate of Interest has been fixed at 15% pa and that the interest payable on the relevant Interest Payment Date, December 6, 1982, against Coupon No. 4 will be US$385.42 per $5,000 Note.

June 4, 1982

By: Citibank, N.A., London, Agent Bank — CITIBANK

U.S.$45,000,000—SERIES 05

CELANESE MEXICANA, S.A.

(Organised under the laws of the United Mexican States)

Six Month Notes Issued in Series under a

U.S.$125,000,000

Note Purchase Facility

Notice is hereby given that the above Series of Notes issued under a Note Purchase Facility Agreement dated October 20, 1981, will carry an Interest Rate of 15⅛% per annum. The Maturity Date of the above Series of Notes will be December 6, 1982.

June 4, 1982

By: Citibank, N.A., London, Issue Agent — CITIBANK

COMMODITIES AND AGRICULTURE

Setback for cocoa pact

By Our Commodities Staff

PLANS TO boost the support buying fund of the international Cocoa Organisation (ICCO) received a further setback yesterday when a special Council meeting called to discuss a $75m loan agreement with a Brazilian bank group could not be convened because insufficient fully-paid-up producer members were available to form a quorum.

The loan, first agreed in March, has been beset by delays and as a result the ICCO buffer stock manager, who had already used up available funds, has been unable to intervene in the market. In the meantime, London futures prices have fallen by about £250 a tonne. The September quotation closed yesterday at £909.50 a tonne, down £1 on the day.

In view of the fact that support buying backed by the original $230m ICCO fund had failed to stabilise the market, most dealers feel that the $75m loan will have little impact on prices when it is finally cleared.

The complicated loan document circulated to members is reported to be partly responsible for the failure of some countries to pay their dues. They are thought to be studying the document particularly carefully before authorising payment of their contributions.

EEC deal lifts cheese price

THE FIRST of a series of price increases due to the EEC farm price deal was announced yesterday by Dairy Crest, the commercial arm of the Milk Marketing Board.

On July 5, list prices for 20 kilo blocks of Cheddar and territorial cheeses will rise by £100 a tonne to £2,070.

"Our dealing price will rise in line with this, and next week we shall announce increases on other sizes of cheddar and territorials—as well as stilton," said Mr Mike Rooney, Dairy Crest's sales director.

Last week Dairy Crest predicted cheddar would rise by at least £200 a tonne by October.

Tin market hit again

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES plunged again yesterday on the London Metal Exchange, as a new wave of speculative selling hit the markets. Cash tin closed £225 down at £6,245 a tonne, and there were heavy losses in lead and zinc.

Zinc fell below £400 for the first time since April last year, with the cash price closing £22.5 down at £382.75 a tonne.

Cash lead fell by £15 to £289.5 a tonne, moving below £300 for the first time since February last year.

Although copper closed marginally higher, following a technical rally encouraged by the firmer tone in the New York on Wednesday night, prices dipped harshly in late trading when the U.S. market turned down again.

The London tin market has now lost nearly £1,000 in the past three weeks. At one stage yesterday the three months quotation reached a low of £6,240, but it subsequently recovered to close at £6,297.5 a tonne, still £287.5 down on the previous day, following the renewal of support buying by the buffer stock of the International Tin Agreement.

Although the buffer stock is concentrating on defending the "floor" price of the Tin Agreement in the Penang market, it was evidently decided that London had fallen too far out of line at £800 below the Malaysian price.

Until now the London market has been allowed to sink, while the buffer stock has been buying consistently in Penang and kept the Straits tin price at $M29.21 a kilo, just above the "floor" level of $M29.15.

The need to purchase some 200 tonnes of tin a day in Penang means the buffer stock has limited resources to spare for support buying in London. But since the purchases in Penang will cut off the flow of tin to Europe, it is anticipated that a "squeeze" on available supplies could well develop in London in the weeks ahead, especially when speculative sellers are forced to start covering their positions. At the same time if ratification of a new International Tin Agreement, effective from July 1, is agreed at the crucial meeting in Geneva next week, there is the likelihood of far more stringent export controls being introduced.

At present export controls imposed by the Tin Council to the end of June are equivalent to a 15 per cent reduction, but this could be raised to 40 per cent from July 1 to restore the supply-demand balance. But this is dependent on a new pact being agreed, and on consumer countries then agreeing to such a drastic export cut.

Meanwhile other metal markets continue to suffer from gloom over the U.S. economy that has lie dto heavy speculative selling. The steep fall in zinc was triggered off by a chart selling point being reached. Lead was depressed by the decline in zinc, and subsequently of copper and aluminium.

● Lima. The Organisation of Copper Exporting Countries (Cipec) will meet in Lima on July 12 and 13 to discuss ways of defending world prices, the Peruvian government announced.

UN common fund start delayed

By Brij Khindaria in Geneva

The deadline for ratifying the agreement creatin gthe $750m United Nations Conference on Trade and Development (Unctad) "common fund" to international commodity price stabilisation schemes has been extended to September 30 next year to allow more time for countries to make up their minds, it was decided here yesterday.

Only 25 countries, including Britain, ratified the fund before the previous March 31, 1982 deadline, whereas at least 90 ratifications are needed to make it operational.

The deadline's extension is expected to increase considerably the fund's chances of being ratified and becoming operational. But much will depend on success in implementing the programme of commodity agreements being promoted by Unctad. At present the slow progress in negotiating new commodity pacts has cast a shadow over the whole future of the "common" fund.

Britain has remained a firm supporter of the "common" fund since it is keen for the headquarters to be based in London. A Parliamentary pressure group, called Cleofl (Campaign for Location of the Common Fund in London) has been formed with the support of many people, who unsuccessfully backed the plan for a world commodities centre in London.

French farm board plan weakened

BY DAVID WHITE IN PARIS

THE French government has watered down its plans for special "offices" or boards for different agricultural products after meeting strong opposition in some farming circles — particularly the right-wing leadership of the FNSEA farmers' union.

A long-awaited Bill providing for the setting up of new boards was approved by the Cabinet this week and is expected to go to the National Assembly early next month.

Mme Edith Cresson, the Agriculture Minister, said yesterday the Government had gone "as far as possible" in the Bill towards ensuring a better organisation of markets, but only part of the way towards fulfilling the original proposals put forward by the Socialist Party.

She made clear that priority would be given to boards covering fruit and vegetables and wine. The principle of such boards figured prominently in the Socialist election manifesto last year, which foresaw that they would be responsible for enforcing guaranteed prices.

The official Cabinet statement this week said they would have "the necessary means" at their disposal to monitor supply and demand trends, to see to it that transactions were "transparent" and to promote more efficient and coherent programmes for each sector, but makes no mention of guaranteed prices.

It emphasised that the boards' action would "respect Community rules" and that producers,' processors' and distributors' organisations would be closely assoeiated with the Government in the different "offices."

Mme Cresson said that the majority in the boards' administrative councils would be held by farmers, the improvement of whose income level was the main objective of the plan.

The Bill appears to have gone through several revisions as a result of pressures from different organisations and consultation of the Fair Trading Commission.

Besides the FNSEA, whose campaign against the new boards can be seen as largely political, the plan has been fiercely resisted by many producers of "appellation controlee" wine, who fear that the hard-hit table-wine growers of Languedoc will be favoured at their expense.

A National Council of wine producing and marketing enterprises was launched in April, largely to organise opposition to the proposed wine board. The organisation's chairman, Baron Philippe de Rothschild,

Gas oil futures review

By Our Commodities Staff

THE PROGRESS of the London petroleum (gas oil) futures market a year after its launch will be reviewed at a special conference at the Royal Garden Hotel in London on June 8.

David Mellor, Under Secretary of State for Energy, will speak on the world energy outlook. Other speakers will deal with different aspects of the market and its use. Organisers are Investment and Property Studies, in association with the International Petroleum Exchange.

FISHFARMING: MUSSELS

Promise of a viable industry

LOCH SPELVE on the Isle of Mull, the beautiful sea loch on the eastern side of the island could see the beginning of a viable industry; the cultivation of mussels. I insist on the term viable because over the years I have looked at dozens of ventures in fish farming around the British Isles, and the great majority of them have failed to survive for a number of simple reasons.

The commonest problems have been feed and energy costs, and a lack of effective demand for the product once it is on the market. By effective I mean one which will pay for the feed and energy absorbed by their production.

In the case of these mussels the first two costs have been eliminated.

Algae

Gordon Mackay, a marine biologist and partner in Argoventure claims that Loch Spelve, and many other Scottish sea lochs, are the perfect environment for mussels.

There is ample algae and plankton for the creatures to filter from the water and they grow rapidly. There are also ample supplies of mussel larvae floating around at breeding time. Normally 99 per cent of these perish, not being able to find a rock or other site on which to fasten and grow. But trapping these larvae seems to present few problems. Well-buoyed ropes are laid across the surface and from these hang literally hundreds of shorter ropes 12 to 15 feet long. The larvae spawned by the existing mussels in the loch are swirled around by the tides and attach themselves to the ropes, after which they have nothing to do but eat and grow. No further attention is needed, although as the mussels grow, their weight makes it necessary to add more buoys. Eighteen months after spawning the mussels are ready for harvesting.

This is basically a simple task. A boat is worked down the main mooring ropes, and the hanging ropes are hauled on board and either stripped by hand or pulled through an iron ring and then simply dropped back again to produce the next crop.

These ropes can be of any size or in net form. But they must be of artificial fibre, natural fibre rots too easily, although it will last for one crop. The hanging ropes are weighted to avoid entanglement.

Once ashore the mussels are washed and graded. At present this is done by hand but it is likely that a simple grader could be devised. Storage is no problem, as they survive quite well on a tidal beach being under water twice in 24 hours. One reason for their almost phenomenal growth rate, according to Mr Mackay, is that under this system they are totally immersed in a good feed environment for the whole of their lives.

As the project is still in the pilot stage any firm figures for production on a mass scale are purely theoretical. Mr Mackay did speak of a production of 60 tonnes of mussel meat per hectare farmed, the equivalent of 200 tonnes of mussels in shell. But of course the hectare on the surface covers a considerable depth of water from which the nutriment is drawn.

Eider ducks

Because the mussels are attached to ropes away from the bottom they escape the usual predators, but this spring they were attacked by eider ducks which dived down and helped themselves from the ropes. The ducks did a lot of damage to some of the younger mussels. This problem will doubtless be solved in time, possibly by broadcasting alarm calls.

This system of culture has been known for some time. There are two other sites in Scotland and others in Holland and Spain. It obviously works well and could be enormously expanded.

But this brings in the problem of marketing. In Britain at present mussels are a specialised taste, a sort of poor man's oyster, not an item of general diet at all. There are some very tasty dishes but preparing them costs money and would restrict their sales to the higher class outlets.

This is fair enough as it stands, but once production explodes, as it certainly could, would the higher prices survive? Or could production costs be cut to meet such an eventuality?

In addition, could the existing lochs support an ever increasing population, and would such concentrations bring diseases as it does with all confined animals once domesticated? These are worthwhile questions, and will doubtless occupy the company for a long time to come.

Protein

But there is one point in this which is of great account. The world is short of protein for both humans and animal consumption. The system described would seem to show one way in which this protein demand could be met in part. Could it be industrialised, as were the anchovy fisheries off the Peruvian coasts? There is no reason why mussel meal should not be used in the same way as fish meal in animal feeds.

I put this to Gordon Mackay. Like any other supplier of high quality goods he reacted to the notion that he might be dropping down the product scale. But to be viable in the long term, the company and its fellows, must look for the mass market. But they are two thirds of the way there now, with no feed and negligible energy costs.

John Cherrington

BRITISH COMMODITY MARKETS

BASE METALS

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Higher grade	£	£	£	£
Cash	764-5	+10.5	766.5-7.5	+6.5
3 mths	791.5-2	+9	793-.5	+6
Settlem't	765	+11	—	......
Cathodes				
Cash	756-1	+11.7	759-60	+9
3 months	783-5	+12.2	785-6	+8.5
Settlem't	758	+12.5	—	......
U.S. Prod.	—	......	*72-75	......

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £768.00, 69.00, 90.00, 92.00, 91.50, 91.00, 91.50, 92.00, 91.50, 91.00. Kerb: Higher Grade, three months £791.00, 90.50, 90.00, 89.00. Afternoon: Higher Grade, three months £794.00, 93.50, 93.00, 92.50, 93.00, 93.50. Cathodes, cash three months £785.00. Kerb: Higher Grade, three months £793.00, 93.50, 94.00. Turnover: 27,500 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	6350-60	-225	6240-50	-225
3 months	6350-60	-321	6290-300	-287
Settlem't	6360	-220	—	......
Standard				
Cash	6345-50	-225	6240-50	-225
3 months	6300-20	-337	6295-300	-287
Settlem't	6350	-225	—	......
Straits E.	$29.21	......	—	......
New York	—			

Tin—Morning: Standard, cash £6,280, 50, three months £6,350, 30, 6300, 6280, 50, 40, 6300, 40, 50, 40, 30, 20. High Grade, three months £6310, 40, 50. Kerb: Standard, three months £6310, 20, 30, 10, 20, 30. High Grade, three months £6350. Afternoon: Standard, three months £6350, 40, 30, 25, 20, 10, 6300, 6290. High Grade, three months £6330. Kerb: Standard: three months £6300, 6250, 30, 20, 10, 40, 70, 80, 6300.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	289-.5	-8.75	289-90	-15
3 months	311-.5	-6.5	301-.5	-14.7
Settlem't	299	-6.5	—	......
U.S. Spot	—	......	*26-8	......

Lead—Morning: Cash £290.50, three months £315.00, 14.00, 12.00, 12.50, 12.00, 11.50. Kerb: three months £311.50, 11.00, 10.00, 08.00, 07.00, 06.50, 07.00. Afternoon: three months £305.00, 03.00, 02.00, 01.00, 03.00, 02.00, 01.00, 01.50, 01.00, 300.00, 299.00, 98.00, 99.00, 300.50, 300.00, 300.25. Kerb: Three months £302.00, 03.00, 04.00, 03.00, 02.00, 01.00, 02.00, 03.00, 02.50, 02.00. Turnover: 26,550 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	383.5-4.5	-8.75	382-.5	-22.5
3 months	388.5-9.5	-5.5	388-.5	-22
S'ment	384.5	-8	—	......
Primw'ts	—	......	*35-37.75	......

Zinc—Morning: Three months £407.00, 06.00, 05.00, 04.00, 03.00, 400.00, 399.00, 98.00, 99.00, 98.50, 97.00, 96.00, 95.00, 94.00, 93.00, 92.00, 91.00, 92.00, 89.00, 88.00, 89.00, 90.00, 91.00. Kerb: Three months £392.00, 93.00, 92.00, 91.00, 90.00. Afternoon: Three months £390.00, 91.00, 90.00, 89.00, 88.00, 87.00, 86.00, 85.50, 86.00, 87.00, 86.50, 87.00, 87.50, 88.00, 87.50, 88.00. Kerb: Three months £393.00, 92.00, 91.00, 90.00, 89. Turnover: 36,875 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	504.5-5.5	-2.75	506-7	-3.5
3 months	525-6	-2.25	526.5-7	-3.5

Aluminium—Morning: Three months £527.00, 26.00, 26.50, 26.00, 25.50, 25.00, 25.50. Kerb: Three months £525.50, 26.00. Afternoon: Three months £526.00, 27.00, 26.50, 28.00, 27.00. Kerb: Three months £527.00, 26.50. Turnover: 11,800 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2930-40	+42.5	2910-20	+15
3 months	2990-5	+47.5	2970-5	+15

Nickel—Morning: Three months £2975, 80, 85, 90. Kerb: Three months £2980. Afternoon: Three months £2980, 75, 70, 80, 75. Kerb: Three months £2975, 70, 65, 70. Turnover: 324 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 3.55p an ounce higher for spot delivery in the London bullion market yesterday, at 338.45p. U.S. cent equivalents of the fixing levels were: spot 606.5c, up 9.5c; three-month 628c, up 9.4c; six-month 648.3c, up 9.3c; and 12-month 694.3c, up 11.3c. The metal opened at 338-341p (607-610c) and closed at 335-338p (603-608c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	338.45p	+3.55	335.90p	-3.1
3 months	348.85p	+3.25	346.95p	-3.5
6 months	358.35p	+3.15	—	......
12 months	380.50p	+3.15	—	......

LME—Turnover 97 (63) lots of 10,000 ozs. Morning: Three months 349.0, 49.5, 49.0, 49.2, 48.3, 49.4. Kerb: three months 349.3. Afternoon: three months 347.0, 46.5, 46.7, 46.5. Kerb: three months 346.5, 47.0.

COCOA

COCOA	Yest'day's Close	+ or —	Business Done
July	885-86	+2.0	888-80
Sept.	909-10	-1.0	915-05
Dec.	947-48	—	952-43
March	983-84	+2.0	986-78
May	1007-08	+1.8	1009-00
July	1031-32	+1.0	1031-26
Sept	1048-52	—	—

Sales: 1,262 (1,783) lots of 10 tonnes.

ICCO—Daily price for June 3. 71.30 (71.08). Indicator price for June 4: 72.39 (73.35).

COFFEE

The opening was slightly easier in line with New York, reports Drexel Burnham Lambert. Early losses were recovered but a strong New York opening failed to further the advance and values gradually eased lower on disappointed dealer liquidation and commission house selling.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1193-94	-7.0	1199-88
Sept	1138-39	-4.0	1141-35
Nov	1100-02	-1.5	1106-1094
January	1080-88	-5.0	1087-82
March	1070-75	-8.0	1075-70
May	1045-60	—	—
July	1045-60	-12.5	—

Sales: 1,853 (3,593) lots of 5 tonnes.

ICO Indicator prices for June 2 (U.S. cents per pound): Comp. daily 1979 125.40 (120.95); 15-day average 119.78 (119.76).

GAS OIL FUTURES

The market opened $1.50 higher following New York. Further short-covering in the physical market moved prices higher as did a rumour that BNOC may increase its prices by another dollar, until selling above $290.00 (basis July) emerged, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	U.S. $ per tonne		
June	291.25	+1.00	292.50-91.00
July	288.75	+1.00	290.50-88.25
August	286.75	+1.00	288.00-86.50
Sept	287.00	+1.25	288.50-87.00
Oct	289.50	+0.25	290.75-89.00
Nov	291.25	-0.25	292.00-91.00
Dec	291.25	[illegible]	—
Jan	293.00	[illegible]	—
Feb	297.50	+0.50	—

Turnover: 1,482 (2,476) lots of 100 tonnes.

INDICES

FINANCIAL TIMES

June 3	June 1	Month ago	Year ago
233.63	234.17	245.02	253.44

(Base: July 1 1952=100)

MOODY'S

June 2	June 1	Month ago	Year ago
986.5	990.8	1000.2	1086.1

(December 31 1931=100)

DOW JONES

Dow Jones	June 2	June 1	Month ago	Year ago
Spot	122.22	123.15	125.21	—
Fut's	122.56	123.78	129.56	—

(Base: December 31 1974=100)

REUTERS

June 3	June 2	M'nth ago	Year ago
1517.6	1517.6	1590.5	1745.0

(Base: September 18 1931=100)

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GRAINS

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
July	120.85	-0.10	—	—
Sept.	108.90	-0.15	104.85	-0.05
Nov.	112.50	-0.10	108.45	—
Jan.	116.40	-0.15	112.25	-0.10
Mar.	119.90	-0.15	115.60	-0.10
May	123.60	-0.15	118.95	-0.10

Business done—Wheat: July 121.10-120.55, Sept 108.95-108.50, Nov 112.60-112.45, Jan 116.40 only, Mar 120.00-119.90, May 123.65-123.55. Sales: 257 lots of 100 tonnes. Barley: Sept 104.85-104.80, Nov 108.40 only, Jan 112.30-112.25, Mar 115.65-115.50, May 119.95 only. Sales: 69 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 113.10, S. West 113.00, N. West 111.60. The UK Monetary Coefficient for the week beginning Monday June 7 is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 14 per cent, June 110.25, July 109.75, Aug 109.00 transhipment East Coast sellers. English Feed fob Jan/March 121.75, April/June 127.50 East Coast sellers. Maize: French first-half June 136 transhipment East Coast sellers. South African White/Yellow June/July 85.00 sellers. Barley: English Feed fob Aug 106.50 sellers East Coast. Rest unquoted.

RUBBER

The London physical market opened slightly easier, atracted little interest throughout the day and closed quie. Lewis and Pea recorded June fob price for No 1 RSS in Kula Lumpur of 204.5 (206.0) cents a kg and SMR 20 178.5 (179.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
July	53.10-53.80	55.70-54.00	55.80
Aug	53.20-53.30	55.70-54.10	53.50
Jly-Sept	53.10-53.30	53.80-54.00	53.80-53.20
Oct-Dec	54.40-54.50	55.20-55.50	55.10-54.30
Jan-Mar	56.70-56.80	57.40-57.50	57.60-56.70
Apl-Jne	58.70-58.80	58.40-59.50	59.80-58.70
Jly-Sept	60.70-60.80	61.80-61.40	61.20-60.70
Oct-Dec	62.80-62.90	63.30-63.40	62.80-62.70
J'n-Mch	64.80-64.80	65.20-65.30	65.20-64.80

Sales: 329 (807) lots of 15 tonnes. 56 (9) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 52.50p (same): July 51.50p (51.75p); Aug 52.25p (52.50p).

SOYABEAN MEAL

The market opened unchanged in dull conditions with little feature, reports T. G. Roddick.

	Yesterdays Close	+ or —	Business Done
	£ per tonne		
June	130.00-31.0	-0.50	131.70-31.00
August	128.30-30.0	-0.75	130.70-30.00
October	130.50-31.0	-0.80	132.00-31.00
December	134.00-34.5	-0.55	134.60
February	137.50-38.5	-1.25	—
April	138.00-40.0	-0.45	—
June	[illegible]		

Sales: 88 (162) lots of 100 tonnes.

SOYABEAN OIL—The market opened slightly higher and advanced on commission house buying before meeting trade selling.

SUGAR

Fluctuations were contained within a range of £1.50. The rejection by India of bids totalling 180,000 tons at Wednesday's tender for the sale of 40,000 tons white sugar for shipment during June or July possibly halted any further decline in prices, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug	116.00-16.10	116.20-16.50	111.50-16.75
Oct	115.75-15.80	114.85-14.10	115.50-15.00
Jan	115.80-15.80	116.00-21.00	—
March	121.40-21.50	121.25-21.80	121.90-21.80
May	124.85-24.95	125.75-25.25	125.75-25.00
Aug	128.25-28.50	128.50-29.00	129.75-28.50
Oct	130.00-31.00	131.50-31.75	—

Sales: 2,038 (3,033) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £236.00 (same) for export. International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for June 1: Daily price 7.29 (7.26); 15-day average 7.79 (7.83).

LONDON DAILY PRICE—Raw sugar £103.00 (same) a tonne cif June-July shipment. White sugar daily price £131.00 (£130.00).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 40 tonnes. Minor operations were fixed up, with specialist growths in most request. Dealing were light, even in the more popular qualities.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug 381, 386, 382-391; Oct 398, 400, 400-398; Dec 405, 408, 406-404; Jan 406, 408, 407-406; Mar 416, 417, 416; May 424, 425, 426-425; Aug 434, 438, 436; Oct 436, 442, 439; Dec 442, 445, 444-443. Sales: 50.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. July 555.0, 556.0, 558.0-553.0; Oct 529.0, 530.0, 529.0-528.5; Dec 534.0, 534.5, 534.8-534.0; March 538.0, 538.5, 538.5; May 542.0, 543.0, 543.1-543.0; July 548.0, 549.0, 549.0-548.0; Oct 546.0, 548.0, 548.0; Dec 553.5, 554.0, 554.0. Sales: 112.

POTATOES

LONDON POTATO FUTURES—The market was initially steadier but eased on all positions except November, which atracted some buying support, reports Coley and Harper. Closing prices: Nov 65.10, +0.10 (high 65.60, low 64.80); Feb 74.00, −0.70 (high 74.60, low 73.80); April 84.00, −0.60 (high 84.70, low 83.80); May 95.00, −0.50 (high 96.00, low 94.50). Turnover: 106 (215) lots of 40 tonnes.

★

HIDES—Manchester: The market was steady. Second clears. Ox: 31-35.5 kg, 58.5p a kg (58.5p); 26-30.9 kg, 63.0p a kg (63.0p withdrawn); 22-25.5 kg, 70.0p a kg (70.0p withdrawn). Light cows: 25.5 kg, 67.5p a kg (68.8p).

★

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.00, codlings £3.00-£3.80; large haddock £4.20-£4.80, medium £3.70-£4.20, small £1.80-£3.20; large plaice £5.50-£5.80, medium £4.50-£5.50, best small £3.50-£4.30; skinned dogfish (large) £6.00, (medium) £3.00; lemon soles (large) £8.50, (medium) £7.00; rockfish £1.50-£2.00; saithe £2.00-£2.70.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 80.2 to 86.5; Ulster hindquarters 100.2 to 101.5, forequarters 58.8 to 60.0. Veal: Dutch hinds and ends 119.0 to 124.0. Lamb: English small 75.3 to 83.3, medium 76.0 to 81.0, heavy 71.0 to 76.0. [illegible] Pork: [illegible]

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 101.50p per kg lw (+0.06); GB—Sheep 172.51p per kg est dcw (−5.02); GB—Pigs 72.46p per kg lw (−2.06).

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. Imported Produce: [illegible] pound 0.80-0.90. Grapes—S. African: Barlinka 5.00, Almeria 7.00; Israeli: Perlette 7.20; Chilean: 5 kg Thompson 10.00, Red Emperor 5.00, Almeria 7.50, Ribier 5.50-6.00. Strawberries—Spanish: 8 oz 0.30-0.35; Italian: 8 oz 0.30-0.35; Belgian: 0.45; U.S.: 1.00. Raspberries—U.S.: 8 oz 1.50. Cherries—French: Per pound 0.55-0.65. Apricots—Spanish: 5 kg 4.00-[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	June 3 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt.	$925/935	-20	$985/1015
Copper			
Cash h grade	£767	+6.5	£868
3 mths	£793.25	+6	£897.75
Cash Cathode	£759.5	+9	£861.25
3 mths	£785.5	+8.5	£891.25
Gold troy oz	$320.375	-0.5	$336.25
Lead Cash	£289.5	-15	£319.25
3 mths	£301.75	-14.75	£332.25
Nickel	£3922	......	£3974
Free mkt	230/265c	......	238/269c
Platin'mtr oz'y	£260	......	£260
Freemkt	£161.80	+2.7	£170.90
Quicksilvert	$360/370	......	$370/380
Silver troy oz	338.45p	+3.55	373.10p
3 mths	348.85p	+3.25	385.30p
Tin Cash	£6245	-225	£7107.5
3 mths	£6297.5	-287.5	£7292.5
Tungsten22.0lb	$109.01	......	$106.98
Wolfrm 22.4lbs	$109/115	......	$105/110
Zinc Cash	£382.75	-22.5	£416.5
3 mths	£388.25	-25	£421.75
Producers	$850/900	......	$860/900
Oils			
Coconut (Phil)	$497.5u	+2.5	$500
Groundnut	$600w	......	$680
Linseed Crude	£380	......	‡
Palm Malayan	$510	......	$512.5
Seeds			
Copra Ph lip	$330w	+5	$340
Soyabean (U.S.)	$258.75	+1.75	$274.5
Grains			
BarleyFut. Sep	£104.85	-0.05	£104.65
Maize	£136.00	......	‡
Wheat Fut.Sep	£108.90	-0.10	£123.95
No.2HardWint	‡	......	‡
Other commodities			
Cocoa ship't*	£935	-1	£993
Future Sept	£909.5	-1	£972.5
Coffee Ft' Sept	£1138.5	-4	£1150.5
Cotton A.Index	75.65c	-0.15	76.55c
Gas Oil July	$288.75	+1	$283.25
Rubber (kilo)	52.5p	......	56p
Sugar (Raw)	£103u	......	£117
Woolt'ps 64s kl.	397p kilo	......	401p kilo

‡ Unquoted. u June-July. w May-June. y July. † Per 76lb flask. * Ghana cocoa. n Nominal. § Seller.

GOLD MARKETS

Gold fell $1¼ to $320-320½ in very quiet London bullion trading. It opened at $320¾-321¼ and traded within a narrow range of $319½ to $322½. The metal was fixed at $322 in the morning and $320.35 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 64,750 per kilo ($325.45 per ounce) in the afternoon, compared with FFr 65,000 ($327.55) in the morning, and FFr 64,250 ($321.59) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 24,700 per kilo ($322 per ounce), against DM 24,395 ($318.02) previously, and closed at $320-321 compared with $318¼-319¼.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $321.50 per ounce, compared with $316.30.

In Zurich gold finished at $319-322, against $317-320.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
August	321.75-1.95	-0.560	325.10-1.75
Sept'mb'r	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]

Turnover: 510 (536) lots of 100 troy ozs.

	June 3		June 2	
Gold Bullion (fine ounce)				
Close	$320-320½	(£178-178½)	$320½-321¼	(£179-179½)
Opening	$320¾-321¼	(£178½-179)	$315-315½	(£176½-176¾)
Morning fixing	$322	(£179.537)	$316.80	(£177.499)
Afternoon fixing	$320.35	(£178.269)	$316.20	(£178.391)
Gold Coins				
Krugerrand	$329¾-330½	(£183½-183¾)	[illegible]	[illegible]
½ Krugerrand	$169½-170½	[illegible]	[illegible]	[illegible]
¼ Krugerrand	[illegible]	[illegible]	[illegible]	[illegible]
1/10 Krugerrand	[illegible]	[illegible]	[illegible]	[illegible]
Mapleleaf	[illegible]	[illegible]	[illegible]	[illegible]
New Sovereigns	$77-77½	[illegible]	[illegible]	[illegible]
King Sovereigns	$90½-92	[illegible]	[illegible]	[illegible]
Victoria Sovs	$90½-92	[illegible]	[illegible]	[illegible]
French 20s	[illegible]	[illegible]	[illegible]	[illegible]
50 pesos Mex	[illegible]	[illegible]	[illegible]	[illegible]
100 Cor. Austria	[illegible]	[illegible]	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]	[illegible]	[illegible]

AMERICAN MARKETS

Wednesday's closing prices

NEW YORK, June 2.

Coffee—"C" Contract: July 136.00-125.25 (133.76), Sept 127.50-128.00 (125.85), Dec 123.00, March 118.01-118.05, May 116.75-118.50. Sales: 2,900.

Cotton—No. 2: July 64.35-64.60 (64.46), Oct 67.50-67.55 (67.70), Dec 68.75-68.85, March 71.00, May 72.35-72.45, July 73.50-73.80, Oct 74.50-75.00. Sales: 4,000.

Orange Juice—July 114.55-114.60 (114.35), Sept 117.30 (117.30), Nov 120.00, Jan 121.90-122.20, March 123.40-123.90, May 124.90-125.20, July 126.40, Sept 127.90-128.40, Nov 128.80, 129.50.

CHICAGO, June 2.

Chicago Imm Gold—June 321.2 (317.5), Sept 330.2-330.0 (327.2), Dec 341.2, March 352.0, June 363.4, Sept 375.1.

EUROPEAN MARKETS

ROTTERDAM, June 3.

Wheat—(U.S. $ per tonne): U.S. No. 2 Red Winter, 13.5 per cent, July 184, Aug 185. U.S. No. 2 Amber Durum July 175, Oct 185, Nov/Dec 191. U.S. No. 2 Northern Spring, 14 per cent, June 180, July 178, Aug 176, Sept 177, Oct 178.50, Nov 182. Canadian Western Red Spring afloat 199.

Maize—(U.S. $ per tonne): U.S. No. 3 Yellow afloat 130.50, June 128.75, July 128.75, Aug 128, Sept 127.50, Oct/Dec 128, Jan/March 136 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow Gulfports May 253.50, June 252.75, July 254, Aug 256.25, Sept 257, Oct 252.75, Nov 252.75, Dec 258, Jan 263.75, Feb 267.25, March 271 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 227, May 225, June 224, July 225, Aug 226, Sept 228, Oct 230, Nov/March 237 sellers. Pellets Brazil afloat 234, June/Sept 235.50, Nov/March 253 sellers.

PARIS, June 3.

Cocoa—(FFr per 100 kilos): July 985/1000, Sept 1035/1044, Dec 1070/1080, Mar 1120/1135, May 1150/1165, July 1180/1195, Sept 1205/1215. Sales at call: nil.

Sugar—(FFr per tonne): July 1420/1440, Aug 1441/1442, Oct 1470/1475, Nov 1460/1525, Dec 1475/1497, March 1550/1555, May 1585/1564, July 1595/1605. Sales at call: 9.

Canadian grain talks in Moscow

OTTAWA—Canada's Wheat Board Minister Hazen Argue will leave for the Soviet Union on Sunday on eight-day visit to the biggest buyer of Canadian grain. Mr Argue was invited by Boris Gordeev, vice-minister of foreign trade, with whom he signed a five-year, $25m grain deal last year.

Mr Argue said his visit underlines the importance farmers attach to the Soviet Union market.

It will be the first visit of a Wheat Board minister since 1973. He will be accompanied by Esmond Jarvis, chief commissioner of the Canadian Wheat Board and Bill Miner, the head of the federal government's grains group.

Jamaican bauxite workers laid off

By Canute James in Kingston

JAMAICA HAS reduced the price of its bauxite and North American mining companies operating here are firing 750 more workers because of the continuing weakness of the aluminium market.

The basic rate for Jamaican bauxite has been reduced from $21.20 per tonne to $20.54. The rate is based on a sale price of 77 cents per pound, according to Mr Basil Buck, junior minister in the Prime Minister's office. He said Jamaica expected to earn $190.7m this year on production of 10.3m tonnes.

It is unlikely that this level of production will be achieved.

TECHNOLOGY

EDITED BY ALAN CANE

The man rebuilding the GEC image for innovation

DAVID FISHLOCK, in the third of six profiles of engineers whose decisions will help shape large tracts of British industry for the 1980s, talks to Derek Roberts, FRS, director of research at GEC.

DEREK ROBERTS, 50, is busy rebuilding the worldwide reputation GEC enjoyed for innovation back in the '50s. He is at work on the problem by 7 each morning. He has the full backing of Lord Weinstock, managing director, and Sir Robert Clayton, who as technical director is responsible to Weinstock for the technical health of the company.

Roberts, a physicist from Manchester University, was wooed away from a career with Plessey—in its day, a highly innovative company—by Clayton three years ago.

He was attracted to the "technical breadth and challenge" of GEC. But he admits his decision was helped by the fact that, as managing director of Plessey Microelectronics, he was being encouraged by the Plessey Board to hive off innovation he had helped to create—to such companies as GEC.

He was elected into both the Royal Society and the Fellowship of Engineering in 1980.

Roberts, an associate director of GEC, is responsible for the GEC Research Laboratories, two large research centres in Wembley and at Baddow. Each has about 700 staff.

He is reorganising them to work as a single research team, able to exploit the strengths of each other—an exercise of some considerable diplomatic delicacy.

John Williams, one of Roberts' laboratory managers from Wembley, has just been made director at Baddow. David Speake, its former director, becomes Roberts' ambassador-at-large for GEC's growing interests in advanced technology overseas.

More components

Silicon has been the dominant material in the career of Derek Roberts. He has no doubt that it will still dominate electronics in the 1990s. "I can't see it being superseded as the workhorse technology."

Silicon is the biggest single activity of the laboratories and permeates almost all of its work. Since Roberts arrived, GEC has undertaken a major investment in silicon technology, where previously it had been largely dependent on Ministry of Defence funds. "In the next 12 months we'll have our silicon capability where it ought to be."

But the thrust is much more subtle than simply trying to cram more components on to each square centimetre of chip. He believes computers must become much more specialised; freed from non-Neumann principles of architecture, with the silicon chip itself fashioned with the end-use in mind.

He cites image processing as an example, where much more data processing will have to be done on the chip to assist the user to interpret images of enemy submarines, tumours, etc.

In the mid-'60s Roberts and his friends invented the science of "paratronics" to help define where microelectronics was heading and to give research some direction. The dominant—perhaps the only—law of paratronics, they decided, was that indolence was on the increase in society. Electronics must aim to make life easier for the user at every stage—from interpreting a complex pattern to switching TV channels to adjusting a digital watch.

Today, he is excited by a new silicon device his laboratories have invented, called the GRID (GEC rectangular image data) processor for the manipulation of images. Rated in conventional terms, the GRID could give a board measuring 10 in x 9 in the computing power of a Cray, he claims. It could be the key to new orders of built-in intelligence for "expert systems."

But half of GEC sales comes from heavy engineering such as turbo-generators, switchgear and motors, once at the forefront of technology but now considered less fashionable, at least by potential new recruits. Roberts has begun to tackle the question of how GEC research can make such products more competitive. He has a group studying the problem of getting more intelligence into power engineering.

Dedicated research

Here, too, he believes the key lies in expert systems, in which the newly-developing power of image interpretation can be applied to, say, fault-finding in power transformers or monitoring of the performance of a steel rolling mill.

As director of research, Roberts is responsible for a budget of about £25m this year. Half of it comes from GEC operating divisions and others such as the Ministry of Defence—essentially on a customer-contractor basis.

For some—telecoms and defence systems, for instance—he runs dedicated research laboratories. The balance is met from central funds. This half allows the laboratories "to get a bit ahead of the vision of the operating companies."

Roberts takes a highly pragmatic view. "It's silly to do research in a vacuum — even academic research. There ought to be some justification in one's mind."

Nevertheless, he is giving GEC research a much longer perspective. He warns his "customers" to embark on projects only "if they can foresee funding the work for five years before getting any results."

He is also restoring a capability for which GEC was once famous in British industrial research—long-range untargeted research, of the kind IBM undertakes at its Thomas J. Watson Research Centre.

A new laboratory at Wembley, set up only in 1980, is searching for the concepts of the 1990s, such as fifth-generation computing. "They're helping open our eyes to the relevance of academic research to some of the more mundane tasks we have." He sees it as a "micro-Watson."

An example here is how statistical studies of the way glasses freeze may open new ideas for designing circuits with millions of components per chip. "The most marvellous new idea I've come across for a year or two," he exults.

Roberts works closely with Clayton, even sharing some of the role of auditing GEC's technical health, chiefly in components, telecoms and some military activities.

Derek Roberts—excited by GRID—the GEC rectangular image data processor

But perhaps his greatest corporate assets is his ready access to Lord Weinstock, who treats both Clayton and Roberts as his technical advisers. At budget time each year the pair are asked to sit in on Weinstock's famous meetings, when each operating company is quizzed separately about its performance.

As he sees it, their role is to "see that Weinstock is not being blinded by science and companies are not being too shortsighted or taking too big a technical risk."

In short, behind the scenes, Weinstock is giving technology the status he is publicly credited only with giving to the balance sheet. Woe betide the company which tries to argue the case for a big technological risk they have not previously discussed with the "auditors." Roberts himself is generally acknowledged to be one of the most approachable people in the business, as well as a natural communicator.

But one constant worry is the rapidly rising cost of advanced technology, far outpacing inflation, because as he sees it the problems are demanding an ever-widening range of disciplines to find a solution.

Derek Roberts is convinced the future must lie in closer collaboration between companies at the research stage, probably catalysed by some government funds, in the manner the Japanese and U.S. Governments have demonstrated so effectively.

To achieve success here will severely test his skills both as an engineer and as a diplomat and communicator.

'Grapevine'—The low cost solution for the local area network

BY ALAN CANE

COMPUTER AND Systems Engineering (Case), a publicly quoted electronics company, this week announced an elegant approach to a problem that is becoming the bane of communications managers everywhere.

It has developed an inexpensive way of linking together all the pieces of electronic equipment found in offices these days using the existing telephone lines, but not the office switchboard.

The "electronic office" may be some way off, but managers have to deal already with a bewildering variety of equipment—word processors, data terminals, electronic files, high speed and letter quality printers—all of which can be used most effectively when linked together into a network.

How to accomplish this cheaply and effectively is the problem; at least two dozen manufacturers have produced proprietary solutions.

These local area networks, as they are called, can be divided by type according to the nature of the business of their supplier. Computer manufacturers (Xerox, Wang, Prime for example) have used coaxial cable to pass messages from machine to machine and computers to carry out the switching. Telecommunications manufacturers (Rolm, Northern Telecom, Plessey in the UK) have used telephone wiring to carry the signal and the private branch exchange (PABX) to switch the signals.

Case, which specialises in equipment to squeeze the maximum capacity out of telephone lines, has hit on a hybrid technique where the telephone line carries both voice and data signals but data switching takes place outside the PABX.

Mr Derek Lavall, product development director for Case, says the product, Grapevine, is: "a low cost solution to the problems of today."

Case, in fact, already offers a conventional local area network, Casenet, based on the Xerox Ethernet system and with some bells and whistles added by the Case software specialists.

According to Mr Lavall conventional LANs are still for the future: "Whether a customer should go for Grapevine or Casenet, depends on what he is trying to achieve. If he wants a simple, inexpensive method of linking his office systems now, he should choose Grapevine. If he plans a pilot installation with a view to a sophisticated system some time in the future the answer is Casenet."

Mr Lavall's criticisms of conventional LANs, which will no doubt be hotly disputed by their suppliers, is that they are expensive, re-wiring causes disruption, the interfacing is complicated, standards are non-existent and—in the case of PABX-based systems — dependent on the resilience of the central facility: "I hate to think what would happen to many companies if their data and voice transmission equipment failed simultaneously," Mr Lavall said.

The Case Grapevine is based on two products both of which are fundamental to Case's business. The first is a specialised modem, a device which translates digital data into a form in which it can be transmitted along telephone lines.

Everywhere there is a telephone handset, one of these special modems can be installed to take signals from the handset and from a single data terminal. The modem translates the voice and data signals into separate and widely separated frequency bands and transmits them along the ordinary office telephone wiring at 9,600 bits a second to the second Case product, the switching unit.

Now Case's reputation is largely based on devices that switch data. The Grapevine switch is a cut-down version of a product it calls its Data Concentrating Exchange, which operates like a branch exchange for data while making maximum use of the line capacity.

Signals from the telephone handset are sent to the PABX for conventional switching. Data signals are redirected to the resource requested by the operator—it could be the central computer, *a printer, filestore, or a message switch.*

The system has been on trial at Unilever Computer Services for some time. Mr Roger Hipwell, head of data communications gave it qualified approval this week: "We have completed the technical evaluation and it performed to specification. We have not yet completed long-term reliability trials so although we can say that if you plug it in, it works, we cannot say if it will continue *to work.*

"We have found that it extends the flexibility of our existing network by providing a better delivery mechanism at the far end. Because everything has to go through the central switch, we do not believe, and Case is not claiming, that it is a true local area network."

Mr Lavall reckons a Grapevine system able to deal with 30 positions (telephone plus data terminal) would cost about £20,000-£25,000 and about £800 *for each additional position.*

● Local area networking has moved in a very few years from an academic study much concerned and line performance as traffic increases to a marketing opportunity for office equipment suppliers.

Local Networks by W. R. Franck and Imrich Chlamtac of the University of Minnesota (Lexington Books, £29.50) is an excellent review of the state of the art dealing principally with Ethernet, the Cambridge Ring, Hyperchannel and the *Perq system.*

Graham Benson UCSL, Watford, where Case "Grapevine" has completed its field trials.

A FINANCIAL TIMES SURVEY

ADVANCED TRANSPORT SYSTEMS

JULY 6 1982

The Financial Times is planning to publish a survey on Advanced Transport Systems in its issue of July 6, 1982. The provisional editorial synopsis is set out below.

Introduction: The design, construction and operation of transport for use on land, sea and in the air for the rest of the 1980s and into the 1990s is likely to be based on ways of meeting three crucial criteria: the need for passenger appeal, reliability and, above all, fuel efficiency, at a time when personal car transport is becoming steadily more expensive.

On land the greatest changes are taking place in ultra-fast rail systems and in urban lightweight automated metro networks and in the design of cars and freight vehicles.

At sea, fuel efficiency is also of crucial importance with other gains to be made through attention and hull design and automation.

In the air, efficient engines and new lightweight composite materials are helping airlines keep pace with rising labour and aircraft operating costs.

Editorial coverage will also include:

Advanced Rail Transport	**Battery Driven Cars and Lorries**
Advanced Urban Metro Systems	***New Bus Designs***
Control Systems	**New Aircraft Designs**
Rail Electrification	**Airport Ground Transport Systems**
The Design of Road Vehicles	**Advanced Systems at Sea**

Copy date: June 22 1982

For further information and advertisement rates please contact:

David Evans

Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY.

Tel: 01-248 8000 Ext 3365. Telex: 885033 FINTIM G

The size, contents and publication dates of surveys in the Financial Times are subject to change at the discretion of the Editor.

UNIQUE OPPORTUNITY

Due to customer default, several new Diesel Generating Sets, suitable for tropical operation are now available from stock and at very competitive prices.

Basic features: 2,100 kW to 2,310 kW. 1,000 rpm 50 Hz

For further information please contact:

P. Rixhon or G. Buol.
Cockerill Sambre S.A.,
B-4100 Seraing Belgium
Tel: (32.41) 36.60.00 ext. 1331 or 1112
Telex: 41225 ckisam b

Microprocessor systems from THORN EMI Automation

Rugeley, Staffs, England

Controls for industry

Automatic weighing blending machine

An automatic weighing and blending system which can mix ingredients according to the recipe stored in a microcomputer memory has been introduced by Philips.

The company says that over 100 recipes from up to 96 ingredients can be weighed and blended. All the operator has to do is enter the required recipe code on a keyboard and the PO 1581 takes care of the entire operation.

Up to four recipes can be started simultaneously and each batch record is printed out automatically. Philips says it can handle a variety of tasks from food blending to ready-mix concrete. More information on 0223 358866.

Gas cutting steel tool

A GAS cutting tool capable of cutting steel in any shape is available from Craig Alford in Peterborough.

The company says that the gas cutter uses a rotating wheel to guide the cutting tip to move in several directions. It can handle a variety of materials such as light shaped steel, steel rods and pipes. Contact the company on 0733 234750.

Helium tubes

OXFORD INSTRUMENTS has announced a new range of vacuum insulated liquid helium transfer tubes. General purpose tubes for short duration transfer of helium can be supplied in demountable form with accessories including liquid level meters, dewar top and pump-out fittings. Non-standard tubes can also be supplied. Inquiries to Oxford Instruments, Osney Mead, Oxford (0865 41456).

COMPANY NOTICES

THE RIO TINTO-ZINC CORPORATION PLC

NOTICE

To holders of Warrants to Bearer

ORDINARY SHARES OF 25P EACH

NOTICE IS HEREBY GIVEN that a Final dividend of 10.5p per Share will be paid on the 1st July, 1982 in respect of the year ended 31st December, 1981. Payment of this dividend will be made after presentation of Coupon No. 44 at any of the undermentioned offices of payment.

3.5% "B" CUMULATIVE PREFERENCE SHARES OF £1 EACH

NOTICE IS HEREBY GIVEN that a dividend of 1.75p per Share will be paid on the 1st July, 1982 in respect of the half-year ending 30th June, 1982. Payment of this dividend will be made after presentation of Coupon No. 40 at any of the undermentioned offices of payment.

OFFICES OF PAYMENT

The Rio Tinto-Zinc Corporation PLC, (Registered Office), 6 St. James's Square, London SW1Y 4LD.
Banque Rothschild, 21 Rue Laffitte, 75009 Paris, France.
Societe Generale de Banque, 3 Montagne du Parc, 1000 Brussels, Belgium
Banque Internationale à Luxembourg S.A., 2 Boulevard Royal, Luxembourg.
Union Bank of Switzerland, Bahnhofstrasse 45, CH 8021 Zurich, *Switzerland.*

The Rio Tinto-Zinc Corporation PLC, (Transfer Office), Central Registration Limited, 1 Redcliff Street, Bristol BS1 6NT.
Banque Bruxelles Lambert S.A. 24 Avenue Marnix, 1050 Brussels, Belgium.
Banque Generale du Luxembourg S.A., 14 Rue Aldringen, Luxembourg.
Societe de Banque Suisse, CH 4002 Basle, *Switzerland*
Credit Suisse, *Paradeplatz 8,* CH 8021 Zurich, *Switzerland.*

Under the imputation tax system in force in the United Kingdom these dividends will be payable without deduction of United Kingdom tax and, for Shareholders resident in the United Kingdom, will carry a tax credit calculated by reference to the basic rate of income tax applicable at the date of payment. Where a double tax agreement so provides, Shareholders resident outside the United Kingdom will obtain a tax credit, against which some United Kingdom tax may fall to be offset.

Coupons, which must be listed on special forms, which can be obtained on or after Friday, 4th June 1982 at any of the above offices, may be deposited on or after Monday, 7th June 1982. Coupons presented for payment in the United Kingdom must be left FIVE CLEAR DAYS for examination.

Shareholders should note that under the Company's Articles of Association adopted on 20th May 1970, provision is made for the forfeiture of the above dividends if not claimed within 12 years from the 3rd June 1982.

BY ORDER OF THE BOARD,
D. A. STREATFEILD, *Secretary*

6 St. James's Square, London SW1Y 4LD
4th June 1982

PROVINCE OF NEWFOUNDLAND (CANADA)

Canadian Dollars 20,000,000 9½% 1975/1983 Bonds

Pursuant to the provisions of the Purchase Fund, notice is hereby given to Bondholders that nominal Cdn$500,000 have been purchased in satisfaction of the Purchase Fund requirements during the twelve-month period commencing May 15, 1981.

Amount outstanding: Cdn$18,250,000.

PROVINCE OF NEWFOUNDLAND (Canada)

June 4, 1982

INTERCOM

SOCIETE INTERCOMMUNALE BELGE DE GAZ ET D'ELECTRICITE

Société Anonyme

place du Trône 1, Brussels, Belgium

NOTICE IS HEREBY GIVEN that the final dividend for the financial year ending on December 31st, 1981 will be payable from May 25th, 1982, net of Belgian withholding tax, at BF 158 against presentation of coupon No. 29 in respect of the 23,783,010 shares representing the capital.

Coupons should be lodged for payment at the current rate of exchange at the offices of:

—MIDLAND BANK, International Division, P.O. Box 181, 60, Gracechurch Street, London EC3.
—BANQUE DE PARIS ET DES PAYS-BAS, S.A., 33, Throgmorton St., London EC2.
—BANQUE BELGE LIMITED, 4, Bishopsgate, London EC2.
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By virtue of the bilateral tax convention between the United Kingdom and Northern Ireland on the one hand, and Belgium on the other hand, withholding tax on dividends is limited to 15%.

Shareholders residing in the United Kingdom and Northern Ireland are entitled accordingly either to reclaim tax paid in excess of 15%, or by prior arrangement through their bankers to have the deduction of tax limited to 15%.

In either case, arrangements should be made through the shareholders and bankers.

BLUE CIRCLE INDUSTRIES PLC

NOTICE TO HOLDERS OF BEARER WARRANTS

NOTICE IS HEREBY GIVEN to the holders of the Company's Ordinary Stock Warrants to Bearer that, following a resolution passed at the Annual General Meeting of the Company held on 3rd June 1982, a Final Dividend of 11.75p per £1 unit of Ordinary Stock of the Company for the year ended 31st December 1981 will be paid on and after 14th June 1982, upon presentation of Coupons No. 43.

Warrant holders who are employees of the Company or any of its subsidiary companies should follow instructions to be displayed on Company noticeboards; warrant holders who are not employees must present their Coupons No. 43 to the Company at the address shown below on or after 14th June 1982.

By Order of the Board
TREVOR KEIGHLEY
Secretary

Portland House, Stag Place, London, SW1E 5BJ.
4th June 1982

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 8954871. Telex: (Advertising) 885033. Telegrams: Finantimo, London. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd., Guiollettstr. 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone: 7598-0. Editorial: Frankenallee 71-81. Telex: 416052. Telephone: 7598 157.

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London Borough of Hammersmith & Fulham

Directorate of Leisure and Recreation

Refreshments—

New Fulham Leisure Pools

Fulham will soon have its own Leisure Pool Complex and it is estimated that over 8,000 hungry people will use the centre every week. Have you got what it takes to feed them all? If you're tired of slaving over a hot stove and can think up imaginative and interesting menus for maybe a 100 people at a time then you could be what we we are looking for.

The Pools complex is an exciting venture *including lagoon with wave machine, competition* pool, diving pit, solarium and sauna suite as well as special areas for yoga and other leisure pursuits. The paved refreshment area reflects the attractive design with terraced seating for over 100 with meals prepared on the premises from a well equipped servery.

The Council is therefore looking for a caterer that will provide a service complementary to the image of the centre and has taken the unusual step of not inviting formal tenders. Instead the Council would like to negotiate a contract with anyone that could provide the type of service we require.

If you are interested telephone Carolyn Hall, Directorate of Leisure and Recreation on 748 3020 extn. 5866, who can also arrange for you to have a look round the pool. Closing date 19 June, 1982.

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Further early Wall St rally

WEDNESDAY'S MILD rallying tendency on Wall Street continued yesterday morning as the market received a slight boost from news that First National Bank of Boston has lowered its prime rate to 16 per cent from 16½ per cent.

The Dow Jones Industrial Average was 2.37 firmer at 819.25 at 1 pm, while the NYSE All Common Index added 16 cents at $64.71 and rises led declines by a seven-to-four margin. Trading remained reasonably active with 34.21m shares changing hands, against the previous day's 1 pm figure of 34.92m.

First National Boston is the first major bank to lower its prime rate since Citibank went to 16 per cent last Tuesday.

Also encouraging the market was a decline in the Federal Fund Rate, on overnight loans between banks, to a low of 13¾ per cent from the 14½ rate ruling for most of Wednesday.

Airline stocks were strong and the Dow Jones Transportation average gained almost four points as a result, making it the strongest of the market indices.

In the Airline group, American put on ⅜ to $17⅛ in active trading. Transworld ¾ to $20⅞, Northwest ½ to $26⅛, U.S. Air ⅜ to $13⅞, UAL ¼ to $17¼, Delta $1 to $32¼ and Southwest 1⅛ to $35⅜.

Oil Drilling and Services stocks, however, continued to fall, with volume leader Halliburton off ¾ to $29½, Schlumberger 1⅛ to $42, Pengo ½ to $6⅜ and Baker 1¼ to $26¼.

Akzona soared $5 to $12⅞. The Dutch company which holds a majority stake in Akzona is to acquire the remaining shares.

The Cities Service-Mesa Petroleum takeover battle continued to attract attention and both stocks were heavily traded. Mesa lost ½ to $18⅛ and Cities Service ¾ to $36⅛.

THE AMERICAN SE Market Value Index, however, receded 1.24 to 264.25 at 1 pm. Volume 2.54m shares.

Closing prices for North America were not available for this edition.

Canada

Markets were inclined to lose further ground in moderate early trading. The Toronto Composite Index was down 8.8 at 1,486.7 at mid-session after volume of 1.71m shares. Golds fell 50.2 to 1,824.6 and Oil and Gas 51.9 to 2,601.5.

Most active Dome Petroleum was off ⅛ at C$6⅜ and Gulf Canada ⅜ at C$14⅜. Gulf Canada announced results of its tarsuit Beaufort Sea well, in which Dome has an interest, and said the well has a sustained production capability of 3,500 barrels of oil a day.

Tokyo

Some export-orientated Blue Chips led the market mainly lower yesterday. However, business remained thin as many investors stayed on the sidelines due to uncertainty over the yen-dollar rate, Wall Street and the Domestic Bond market.

Buying interest was further dampened by the generally slow recovery in business performance by Japanese companies.

A wait-and-see sentiment also pervaded the market ahead of the Versailles seven-nation summit, although market boosting news is not really expected to emerge from the meeting, some analysts commented.

The Nikkei-Dow Jones Average followed a Wednesday decline of about 24 points with a fresh fall of 42.96 to 7,301.94. The Tokyo SE Index ended 2.83 weaker at 545.64, while share volume on the First Market was only 170m for the third day in a row.

Light Electricals, Precision Instruments, Heavy Electrical Machines and Motors provided the weakest spots.

Foreign selling was detected in Hitachi, which receded Y13 to Y667, while Sony lost Y50 to Y3,520, Pioneer Electronic Y60 Y1,540, Minolta Camera Y20 to Y436, Fujitsu Y14 to Y746, Toyota Motor Y30 to Y1,060 and Takeda Y13 to Y822.

Department Stores and Consumer Credit concerns, however, were favoured ahead of Japan's summer employee bonus season, but other Domestic Industry issues generally softened.

Germany

Stock prices were mixed to easier after fairly quiet trading. A steadier performance by both the D-mark in foreign exchange trading and the Domestic Bond market failed to stimulate share buying. The Commerzbank lost 1.7 at 700.6.

Building shares, however, responded positively to news of a bonus issue from Hochtief, with Hochtief rising DM 3 to DM 425 and Holzmann DM 6 to DM 406.

The German Bond market calmed down with the help of a fixed 8.9 per cent tender offer to credit institutes of 28-day securities repurchase agreements by the Bundesbank. Domestic issues were mixed. Prices of Public Authority Bonds were quoted as much as DM 0.30 on the plus side and DM 0.25 on the minus side. The Bundesbank sold DM 5.2m of public paper into the market, compared with DM 217m purchases on Wednesday.

Paris

French and foreign share prices were mixed with a slight majority of declines at the end of a quiet session.

Market analysts said investors were sitting on the sidelines ahead of the seven-nation economic summit at Versailles, which begins today, and President Francois Mitterrand's Press conference, scheduled for next Wednesday.

The French President is expected to announce a change of emphasis in his Administration's economic policies towards a more rigorous stance in a bid to master inflation.

Australia

Markets generally drifted easier on further low volume. The current low metal prices on the London Metals Exchange continued to depress sentiment in the Minings sector, while brokers reported lack of buying interest in the Oil and Gas group.

The major Cooper Basin oil partner Santos fell 34 cents to A$5.26 as the market digested Wednesday's news of the sale by Bond Corporation of most of its 14.7 per cent stake in the company to National Mutual Life Association of Australasia.

Bond lost 5 cents to A$1.30. National Mutual's take-over targets, Reef Oil and Basin Oil, were quiet, with Basin steady at A$2.00 and Reef also unchanged at A$1.51.

Switzerland

Bourse prices were mixed in light dealings. Despite the strength of the U.S. dollar, there were signs of some cautious buying by foreign investors, dealers commented. Considering the current weakness of the Swiss franc and the stock market, some shares may appear rather cheap to foreign buyers at current levels, they noted.

Hong Kong

Continuing to reflect investor worries about the uncertain outlook for U.S. interest rates, Hong Kong shares generally lost further ground early yesterday. However, the market partially recovered late in the session on covering of short positions.

The Hang Seng index, which retreated 26.65 on Wednesday, was 12.25 lower at noon yesterday but subsequently picked up to 1,371.30, leaving a fresh loss of only 6.32 on the day. Trading was moderate, turnover totalling HK$234.14m on the four exchanges.

Johannesburg

Gold shares staged a modest recovery in quiet trading, supported by the steadier bullion price. Heavyweight producers gained up to 100 cents, as in Randfontein, R55.

Mining Financial Angles improved 15 cents to R10.25 on further consideration of the annual results. Diamond leader De Beers contrasted with a decline of 7 cents at R4.68.

Indices

MONTREAL	June 2	June 1	May 31	May 28	1982 High	1982 Low
Industrials	272.22	271.88	278.56	282.38	332.79 (4.1)	278.45 (16.3)
Combined	257.14	257.35	262.37	264.88	316.08 (4.1)	257.14 (2/6)
TORONTO Composite	1485.5	1496.0	1523.6	1528.5	1856.5 (4.1)	1485.5 (2/6)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Mesa Petroleum	889,200	18⅛	− ⅞
Cities Service	873,000	36⅞	−1½
Warner Comm.	776,600	47¼	+1¾
Am. Medical Int.	626,700	19½	− ⅞
IBM	617,000	62	+ ¼
ATT	549,200	51¾	− ½
Tandy	545,000	27⅛	+ ⅜
ITT	529,400	23½	− ¼
General Motors	467,500	43⅜	+ ½
Halliburton	465,200	30¼	− ¾

Markets featured only by revived strength in Gilts
Equities inclined harder and index up 1.7 at 586.8

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 17	June 3	June 4	June 14
June 7	June 17	June 18	June 28
June 21	July 1	July 2	July 12

* "New time" dealing may take place from 9 am two business days earlier.

Another display of strength by British Funds relieved a slow and rather uninspiring overall trading session in London stock markets yesterday. Interest in the equity sectors remained at an extremely low ebb but, in contrast to the previous day, the trend was to slightly higher levels. Inevitably, the Falklands situation remained a major restraining factor, but early interest was enlivened by successful debuts of Radio City (Sound of Merseyside) and Oriflame, both of which established useful premiums on their respective issue prices.

Government securities drew encouragement from sterling's firmness and a slight easing in UK short-term interest rates. Despite faltering at one stage, medium and long-dated issues finished at around the day's best. Good demand for the shorter of last week's three taplets, Treasury 12 per cent 1987, up ⅛ at 95⅞, exhausted the Government broker's supplies of the stock. Short-dated Gilts recorded gains ranging to ⅜ and the Government Securities index rose 0.32 more to a new 14-month peak of 70.08.

Leading shares edged higher as the day progressed. Buying interest, however, was very modest, yesterday's improvement owing much to the virtual absence of sellers and technical situations in many areas of the market. The FT 30-share index closed 1.7 up at 586.8, only 10.5 off the all-time high recorded on April 30 last year.

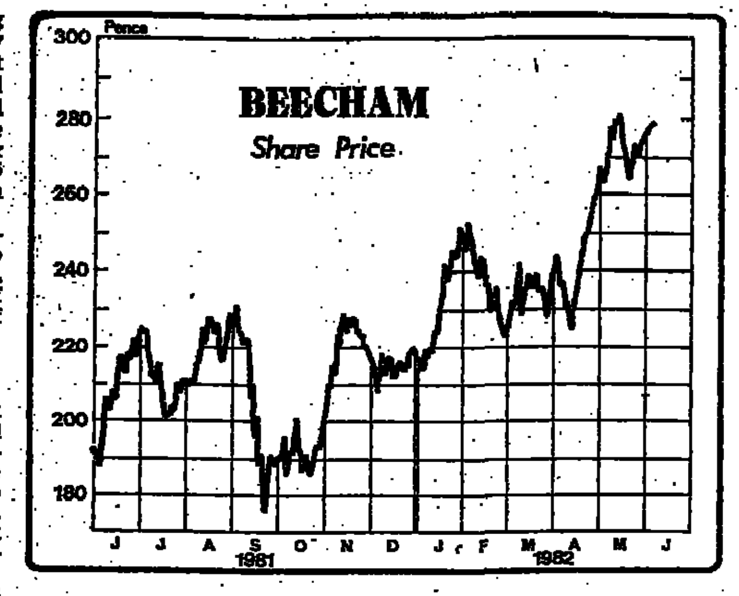
Support drawn by mid-week investment advice continued to stimulate Antofagasta Railway, up 4 points for a two-day rise of 9 points to a high for the year of £88.

Eagle Star react

Recently firm on hopes that Allianz Versicehrung would launch another bid for the company, Eagle Star met with stale bull liquidation and shed 16 to 352p. Elsewhere in Insurances, Minet, another bid favourite, put on 6 to 190p following "new-time" interest.

The major clearing banks made steady progress. NatWest firmed 8 to 440p and Lloyds 4 to 406p, Midland and Barclays rose 6 apiece to 338p and 468p respectively. Among Merchant Banks, Hambros hardened 2 to 132p; the price in yesterday's issue was incorrect.

The two market newcomers made impressive debuts. Cosmetics group Oriflame International SA, offered at 600p, opened at 665p and touched 670p before closing at 640p, while Radio City (Sound of Merseyside), dealt in the Unlisted Securities Market, started at 88p and touched 97p before settling at 92p compared with the offer price of 77p.



Leading Breweries moved irregularly. Allied-Lyons encountered sporadic profit-taking following comment on the preliminary results and eased the turn to 99p. Scattered support lifted Whitbread 4 to 122p and Scottish and Newcastle 2¼ to 64½p, but Greenall Whitley, which announced disappointing interim results late last month, gave up 2 more at 112p. Regionals often finished higher, although the rises were frequently attributed to technical influences. Youngs, 305p, and Boddingtons, 163p, added 5 apiece, while Greene King rose 4 to 324p.

Occasional support in the absence of any worthwhile selling helped leading Buildings to register further modest gains. Blue Circle firmed 4 to 468p following the annual meeting, while similar rises occurred in Tarmac, 580p, and BPB Industries, 460p. Elsewhere, Tilbury Group, a few pence easier at one stage, picked up to close 2 dearer on balance at 490p on the announcement that B.R.P. Securities, a subsidiary of private investment company Bajau, had acquired an 8.24 per cent stake in the company. UBM held at 57p, the annual loss and dividend cut having been discounted. Among other companies reporting news items, Rowlinson Securities stayed at 40p despite good preliminary results, while profit-taking in the wake of the mid-term figures left J. Smart (Contractors) 3 lower at 57p.

Stores quiet

Fisons, still reflecting the completed sale of its agricultural fertilizer division to Norsk Hydro, put on 5 for a two-day gain of 10 to 340p. ICI fluctuated narrowly before closing unaltered at 328p. Among other Chemicals, Hickson and Welch firmed 5 to 265p in response to the interim statement, while a combination of a broker's circular and comment on the preliminary results lifted Coalite 7 to 124p. Plysu found support at 114p, up 4, but International Paint remained friendless and shed 5 for a two-day loss of 12 to 218p.

Store leaders closed a shade firmer for choice, although business remained thin. Habitat Mothercare added 3 to 147p, while Gussies A hardened a couple of pence to 502p. Greenfields Leisure held at 34p, the return to profits having been fully discounted. Sonic Sound, which is due to reveal interim results next Thursday, a month ahead of schedule, eased 4 more to 68p following the chairman's confirmation that the first six months trading has been extremely difficult.

The popular Electricals attracted a reasonable two-way business, finishing a shade firmer on balance. Thorn EMI, dull of late on fears of a rights issue, rallied to 415p before settling for a net gain of 2 at 412p. BICC firmed 4 to 352p, but Racal eased a few pence to 430p. STC attracted sporadic support and closed 10 to the good at 597p. Others to make progress included Wholesale Fittings, 7 up at 242p, and AB Electronic, 5 dearer at 178p.

Referral of the Charter Consolidated bid for Anderson Strathclyde to the Monopolies Commission triggered nervous selling of the latter which dropped to 124p before closing 16 down on balance at 126p. With the exception of Noble and Lumb, down 2 more at 11p following Wednesday's fall of 5 on termination of the bid discussions, Engineerings were generally harder. Pegler-Hattersley picked up 6 to 210p, while NEI, 92p, and Ash and Lacy, 333p, achieved new 1982 peaks with gains of a couple of pence or so. Renold gained 3 to 42p and Davy Corporation 4 to 136p; Mr P. Benson has been appointed to the latter's board and it is intended that he will succeed the chairman in early-October. Against the trend, Spear and Jackson fell to a low for the year of 78p.

A couple of firm spots emerged in secondary Foods. George Bassett put on 7 to 73p on small buying, while "new-time" interest lifted William Low 8 to 188p. Retailers finished on a quietly firm note. J. Sainsbury added 5 at 630p and Associated Dairies 2 at 132p, while Fitch Lovell improved the latter amount to 80p following press comment.

Grand Metropolitan, ex the rights issue, met with fresh support and rose 4 to 221p; the new nil-paid shares touched 48p premium before closing 2 dear on balance at 47p premium.

Johnson Group sold

Johnson Group, strong recently on bid hopes encountered fresh liquidation of speculative positions and fell further to close 11 cheaper at 237p. Increased half-year profits left Clyde Blowers 2 firmer at 138p, but the interim figures from Spring Grove prompted a fall of that amount to 87p. Renewed support in a limited market took Extel up 13 to 338p, while Hanson Trust, still benefiting from the first-half results, improved 3 further to 168p. Vinten, a firm market of late in line with other defence stocks, met with sporadic profit-taking and gave up 6 to 294p. Hawley Group hardened a penny to 83p following Press mention. Comment on the preliminary results helped De La Rue rally 5 to 545p and occasional buying interest lifted Lead Industries 3 to 167p. Among miscellaneous industrial leaders, preliminary figures slightly above best expectations from Beecham, a penny firmer at 279p, after 284p, failed to inspire the market. Glaxo edged forward a few pence to 696p and Reckitt and Colman were 4 better at 318p.

Motor and aircraft component manufacturers drifted easier in the absence of support. Dowty, 132p, Flight Refuelling, 298p, and Lucas, 190p, all shed a couple of pence, but Airflow Streamlines advanced 4 to 24p following the increased annual dividend and return to profitability.

Saatchi and Saatchi met with further profit-taking and fell 10 for a two-day loss of 30 to 425p; the nil-paid gave up a like amount at 95p premium. Bemrose eased a penny to 125p after the chairman's reply to the offer document from unwelcome suitor Bunzl Pulp, 5 cheaper at 168p.

Leading Properties edged forward in thin trading. Land Securities rising 4 to 280p and MEPC hardening a penny to 195p. Elsewhere, Mountview Estates gained 4 to 160p in reply to satisfactory preliminary results, while Fairview Estates added a like amount to 110p on "new-time" interest. Property and Reversionary retained an early gain of 2 to 152p following later announcement of the annual trading statement.

BP disappoint

Slightly higher awaiting the first-quarter results, British Petroleum drifted off on slight disappointment with the announcement to close a couple of pence cheaper on balance at 314p, after 320p. Shell also settled a shade easier at 420p, after 424p. Burmah ended 2 cheaper at 142p, while Ultramar lost 5 to 407p and Lasmo 7 to 330p.

London and Montrose Investment Trust advanced to 147p before settling a net 17 up at 142p following the agreed offer from Electronic Rentals; the latter, which also announced increased preliminary profits, eased 5 to 78p. Other Trusts took on a selectively firm appearance. Alliance Trust rose 4 to 304p and Dundee and London 3 to 99p. Among Financials, S. Pearson remained a firm market and rose 7 more to 252p, while speculative demand lifted Robert Kitchen Taylor 6 to 138p. Money brokers were again mixed. R. P. Martin hardened 5 to 335p, but Mills and Allen lacked support and ended 12 lower at 478p.

British and Commonwealth, buoyant recently following a broker's circular, made further headway and, in an active business, advanced 6 to 448p, after 452p. Caledonia closed 5 better at 410p.

Golds better

South African Golds enjoyed a day of good gains and much increased turnover as the bullion price touched $323 prior to closing a net 50 cents cheaper at $320.375 an ounce.

Persistent demand from Johannesburg coupled with intermittent support from the Continent was sufficient to boost the heavyweights by up to a half-point, as in Randfontein, £24 and Buffels, £14¼, the latter following the good dividend. The medium and lower priced issues showed Stilfontein 17 up at 592p on the better-than-expected dividend.

South African Financials edged higher in sympathy with Golds. Coals were particularly in demand with Transvaal Consolidated Land a point firmer at £18 and "Amcoal" ¼ better at £12½.

De Beers eased 2 to 212p—the price in Thursday's issue was incorrect—following the adjustment in mining plans.

London Financials were barely changed with the notable exception of Rio Tinto Zinc which dipped 7 to 418p following the annual meeting.

Charter were well supported at 200p and unaltered at that price in the wake of the referral of the Anderson Strathclyde bid to the Monopolies Commission.

In a generally quiet Australian sector Bond Corporation dropped 10 to 74p, after 73p, as heavy and persistent profit-taking followed news of the disposal of the near 15 per cent holding in Santos; the latter attracted speculative offerings and gave up 14 to 314p. Elsewhere, price changes were minimal with the leading issues steady to a fraction harder and the speculatives showing minor losses.

Demand for Traded Options improved slightly and 1,356 deals were taken out—928 calls and 428 puts. The increase in business owed much to an active trade in Shell Transport, with substantial funds being directed towards the July series. Shell attracted 344 calls (102 in the July 390's and 221 in the July 460's) and 232 puts with the July 360's accounting for 184.

FINANCIAL TIMES STOCK INDICES

	June 3	June 2	June 1	May 28	May 27	May 26	A year ago
Government Secs	70.08	69.76	69.74	69.20	69.01	68.85	66.05
Fixed Interest	70.26	70.00	70.06	69.70	69.56	69.53	67.73
Industrial Ord	586.8	585.1	587.3	587.3	584.3	580.8	555.6
Gold Mines	224.0	220.0	229.4	234.7	230.3	233.7	353.4
Ord. Div. Yield	5.39	5.39	5.37	5.35	5.40	5.38	5.82
Earnings, Yld. % (full)	11.23	11.25	11.23	11.18	11.14	11.15	11.57
P/E Ratio (net) (*)	10.89	10.79	10.83	10.84	10.93	10.94	10.78
Total bargains	15,599	14,610	15,760	15,285	14,094	13,960	19,187
Equity turnover £m.	—	129.26	111.74	142.67	109.95	96.39	159.89
Equity bargains	—	13,505	12,190	11,776	10,451	11,165	15,181

10 am 586.9. 11 am 587.5. Noon 588.0. 1 pm 588.3.
2 pm 588.0. 3 pm 587.9.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974. †Corrected.

Latest index 01-246 8026.

*Nil=10.02.
†Correction.

HIGHS AND LOWS / S.E. ACTIVITY

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low		June 2	June 1
Govt. Secs.	70.08 (3/6)	61.59 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains	181.5	183.8
Fixed Int.	70.26 (3/6)	62.79 (7/1)	150.4 (28/11/47)	50.53 (6/1/75)	Equities Bargains	79.7	79.0
					Value	251.5	225.8
Ind. Ord.	590.9 (12/5)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)	5-day Avrge. Gilt Edged Bargains	164.6	166.8
Gold Mines	302.0 (5/1)	209.2 (8/6)	558.9 (22/9/80)	43.5 (26/10/71)	Equities Bargains	75.0	74.7
					Value	258.8	256.3

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or -	Div.	Times covered	Gross yield	P/E ratio
‡250	F.P.	23/6	278	265	Assoc. Heat Services 5p	278		b9.0	2.1	4.6	14.1
180	F.P.	1/7	101	92	⊕Black (Michael) 30p	99	-1	u3.0	2.4	4.6	9.7
15	F.P.	15/4	32	19	Cambrian & Gen. 7½p	30	+1	[illegible]	[illegible]	[illegible]	[illegible]
‡260	F.P.	4/6	420	293	⊕Cont. Microwave	420		[illegible]	[illegible]	[illegible]	[illegible]
‡130	F.P.	28/5	156	140	⊕Druck Hldgs.	156	+2	b3.2	2.5	2.1	27.0
‡375p	F.P.	25/6	98	87	Electro Prot. US$0.50	96	-1	[illegible]	[illegible]	[illegible]	[illegible]
§	F.P.	—	17	10	‡Group Inv Option	[illegible]					
‡250	F.P.	14/5	250	245	⊕Io Technology	247					
77	F.P.	—	275	230	⊕Jebsens Drilling	260		b17.5	3.3	9.6	5.5
‡105	F.P.	—	121	110	⊕Miles 33 10p	121		ud2.8	4.3	3.4	7.5
600	F.P.	—	670	635	Oriflame SA (US$1.50)	640		b0.40c	2.2	4.3	13.5
77	F.P.	—	97	88	⊕Radio City 'A' NV	92		b5.6	1.9	8.7	8.0
140	F.P.	—	156	160	⊕Ruddle (G.) 10p	164		b3.5	2.6	3.0	15.4
125	F.P.	13/6	141	133	Standard Secs.	133		[illegible]	[illegible]	[illegible]	[illegible]
¶¶	F.P.	—	26	19	Stewart Nairn	24					
¶¶	F.P.	—	90	60	Zambia Cons Opr 10K	60					

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or -
¶100	£10	—	10¼	10⅛	Bournemouth Water 9½% Red. Prf. '87-89	10¼	
¶99.185	£25	14/7	29	21	Credit Foncier de France 14½% Ln. 2007	25	
¶100	F.P.	1/7	102½	101¼	East Anglia Water 9½% Red. Prf. 1987	101¼	
¶96	F.P.	—	104¾	104¾	First Nat. 12½p Conv. Uns. Ln. 1987	116	
¶100	F.P.	—	47	35	Grt. N'rth'n Inv. 6pc Nat Cum. Prf. £1	46	
¶100	F.P.	—	46	45	Do. 4.7pc Nat Cum. Prf. £1	46	
¶100	Nil	—	1pm	½pm	Marlborough Props. 10% Cnv. Ln. '96-2002	½pm	
¶100	£10	—	11	10¼	Mid-Southern Wtr. 9% Pref. 1987	10¼	
¶100	F.P.	—	100½	100¼	Nationwide Bdg. Soc. 14¼% (25/4/83)	100¼	
¶100	F.P.	—	100	99¾	Do. 13⅞% (23/5/83)	99¾	
¶107	F.P.	29/4	131½	106½	Queens Moat 10½% Cnv. '96-01	113	
¶100	£10	—	10¼	10¼	Wrexham Water 9½% Red. Prf. '87-89	10¼	

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date		1982 High	1982 Low	Stock	Closing price p	+ or -
10	F.P.	27/4	28/5	13½	10	Ansbacher (H.) 5p	10½	
170	F.P.	13/5	24/6	190	180	Bank Leumi (UK) £1	185	
135	F.P.	28/5	9/7	179	158	Carless Capel 10p	176	
174	Nil	—	—	49pm	44pm	Grand Met 50p	47pm	+2
5	F.P.	10/5	21/5	6	5½	Grovebell (5p)	5½	
500	F.P.	20/5	18/6	610	575	Hammerson Prop.	605	
500	F.P.	29/5	18/6	576	530	Do. A	575	
145	F.P.	12/5	7/6	190	176	Low (Wm.) 20p	190	
Kr.150	Nil	—	—	2½pm	1½pm	Norsk Hydro (Kr. 100)	2½pm	
60	Nil	—	—	8pm	6pm	Press (Wm.) 10p	8pm	
325	Nil	—	—	120pm	80pm	Saatchi & Saatchi 10p	95pm	-10
170	F.P.	14/5	11/6	284	278	Steel Bros	243	
10	F.P.	24/5	2/6	12½	10½	Sturla 10p	11½	
135	F.P.	10/5	10/6	162	146	Vickers (£1)	161	
25	Nil	—	—	1pm	1pm	Young (H.)	1pm	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. r Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ¤ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡ Unlisted Securities Market. ‡‡ London Listing. † Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ▲ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Anderson Strathclyde	126	-16	Grand Metropolitan	221	+4
Beecham	279	+1	Johnson Group	237	-11
Bond Corporation	74	-10	Oriflame	640	—
British & Commonwealth	448	+6	Radio City	92	—
Coalite	124	+7	RTZ	418	-7
Eagle Star	352	-16	UBM	57	—

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
De La Rue	16	540	—	Racal Elec.	10	433	-2
Hanson Trust	12	165	+4	Barclays Bank	9	462	+6
Harrisons Crosfd	12	562	-75	Bass	8	247	+3
Allied-Lyons	11	100	+2	BAT Inds	8	445	+3
Glaxo	11	693	+8	Debenhams	8	77	—
GEC	10	944	+6	RTZ	8	425	+1
Marks Spencer	10	186	+1	BP	8	316	-4

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur June 3 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed June 2 Index No.	Tues June 1 Index No.	Fri May 28 Index No.	Thur May 27 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	398.79	+0.1	9.16	4.10	13.46	398.29	399.69	399.99	393.35	348.78
2	Building Materials (23)	343.97	+0.1	12.75	5.21	9.26	343.62	344.96	348.47	338.55	301.81
3	Contracting, Construction (28)	625.32	+0.1	13.95	4.90	8.44	624.60	625.82	620.30	615.64	572.31
4	Electricals (31)	1471.81	+0.1	6.43	2.03	19.99	1469.66	1471.94	1494.19	1461.71	1094.33
5	Engineering Contractors (11)	497.75	+1.3	13.36	6.09	8.83	491.23	492.65	487.37	484.12	489.86
6	Mechanical Engineering (67)	206.85	+0.1	11.10	5.64	10.86	206.74	208.19	207.87	206.93	214.84
8	Metals and Metal Forming (11)	170.24	+0.1	10.02	6.97	12.54	170.10	171.80	171.73	169.65	164.28
9	Motors (20)	93.37	-0.4	1.33	7.55	—	93.78	95.09	95.39	94.37	105.35
10	Other Industrial Materials (18)	368.75	—	9.93	5.75	12.32	368.73	369.24	369.51	365.22	377.42
21	CONSUMER GROUP (201)	314.71	+0.5	12.54	5.51	9.66	313.24	313.70	312.63	310.08	285.03
22	Brewers and Distillers (22)	329.67	+0.9	13.84	6.18	8.80	326.73	325.94	321.43	316.52	315.92
25	Food Manufacturing (22)	269.39	+0.5	17.24	6.95	6.77	268.01	269.77	268.77	267.74	259.41
26	Food Retailing (14)	617.59	+0.9	9.19	3.45	13.20	612.38	613.78	615.50	610.38	526.41
27	Health and Household Products (8)	475.67	+0.4	7.27	3.40	15.98	473.77	471.46	468.91	464.53	326.22
29	Leisure (23)	440.65	+0.1	10.07	5.27	12.42	440.08	443.22	441.88	439.19	437.16
32	Newspapers, Publishing (12)	538.78	+0.2	12.51	5.85	10.22	537.62	535.48	529.20	525.13	516.38
33	Packaging and Paper (14)	149.60	-0.4	15.40	7.11	7.54	150.16	151.79	149.56	148.95	151.56
34	Stores (45)	288.02	+0.4	10.33	4.84	12.79	286.85	287.81	286.77	283.86	273.44
35	Textiles (23)	175.54	+0.2	12.84	6.05	9.61	175.19	175.46	173.56	173.89	162.46
36	Tobaccos (3)	332.50	+0.4	21.99	8.27	5.13	331.33	333.20	337.42	336.50	265.12
39	Other Consumer (15)	285.54	+0.1	8.20	5.27	—	285.35	287.73	287.20	285.82	302.74
41	OTHER GROUPS (77)	263.19	+0.5	13.07	6.33	9.26	261.78	262.12	261.10	257.80	233.36
42	Chemicals (16)	347.72	+0.4	13.20	6.70	9.09	346.42	344.66	342.86	339.61	289.89
44	Office Equipment (4)	114.60	+0.2	14.19	7.62	8.65	114.42	115.86	114.98	112.45	118.19
45	Shipping and Transport (13)	572.12	+0.8	19.67	7.28	6.15	567.38	571.31	570.88	564.87	568.16
46	Miscellaneous (44)	341.00	+0.7	10.93	5.54	11.15	338.74	340.57	339.24	334.17	302.96
49	INDUSTRIAL GROUP (487)	336.32	+0.3	11.34	5.09	10.74	335.15	335.90	335.26	331.25	299.77
51	Oils (13)	743.66	-0.6	21.28	7.82	5.33	748.17	751.86	758.70	754.67	771.78
59	500 SHARE INDEX	369.50	+0.2	12.93	5.53	9.24	368.78	369.76	369.71	365.70	337.70
61	FINANCIAL GROUP (117)	248.73	+0.6	—	6.67	—	247.36	247.79	247.79	246.03	256.66
62	Banks (6)	274.93	+1.3	38.07	7.82	2.87	271.30	271.30	268.82	265.30	252.59
63	Discount Houses (9)	236.00	-0.3	—	9.66	—	236.82	236.38	234.95	234.41	281.89
65	Insurance (Life) (9)	264.81	+0.5	—	6.91	—	263.54	263.54	263.52	258.88	264.03
66	Insurance (Composite) (10)	151.92	-0.2	—	9.32	—	152.24	152.24	153.71	151.90	167.37
67	Insurance Brokers (7)	490.84	+0.5	11.28	5.29	12.03	488.42	488.42	491.92	489.62	489.64
68	Merchant Banks (12)	145.92	+1.7	—	5.81	—	143.41	144.95	143.33	144.66	167.45
69	Property (49)	420.69	+0.4	5.28	3.76	25.09	418.84	420.34	420.51	422.51	474.62
70	Other Financial (15)	173.43	-0.2	17.93	6.60	6.45	173.77	174.60	175.74	173.78	175.32
71	Investment Trusts (111)	306.46	+0.7	—	5.37	—	304.25	305.44	303.82	302.39	306.19
81	Mining Finance (4)	198.47	-0.9	15.74	7.10	7.96	200.30	201.45	203.58	203.32	255.61
91	Overseas Traders (18)	360.63	-0.3	13.80	8.76	8.96	361.55	374.97	364.06	363.44	462.47
99	ALL-SHARE INDEX (750)	337.47	+0.3	—	5.78	—	336.61	337.66	337.46	334.23	320.76

FIXED INTEREST

	PRICE INDICES	Thur June 3	Day's change %	Wed June 2	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	112.73	+0.39	112.51	0.12	5.04
2	5-15 years	113.61	+0.66	113.31	0.45	4.94
3	Over 15 years	117.86	+0.72	117.02	—	5.22
4	Irredeemables	120.59	—	120.59	—	6.30
5	All Stocks	114.58	+0.56	113.95	0.21	5.05
6	Debentures & Loans	88.98	+0.31	88.70	—	4.81
7	Preference	64.82	-0.03	64.84	—	3.13

	AVERAGE GROSS REDEMPTION YIELDS		Thur June 3	Wed June 2	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.14	11.25	12.31
2		15 years	12.49	12.56	12.97
3		25 years	12.53	12.57	13.04
4	Medium Coupons	5 years	13.50	13.65	14.34
5		15 years	13.58	13.68	14.77
6		25 years	12.96	13.05	14.38
7	High Coupons	5 years	13.44	13.56	14.34
8		15 years	13.67	13.78	14.98
9		25 years	13.00	13.09	14.48
10	Irredeemables†		12.19	12.18	12.35
11	Debs & Loans	5 years	14.45	14.58	15.26
12		15 years	14.52	14.55	15.32
13		25 years	14.52	14.52	15.32
14	Preference†		15.25	15.24	15.32

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (142)
BRITISH FUNDS (51)
INT. BANK & O'SEAS GOVT. STLG. ISSUES (17)
LOANS (1)
FOREIGN BONDS (4)
BANKS (3)
BUILDINGS (7)
CHEMICALS (2)
DRAPERY & STORES (4)
ELECTRICALS (4)
ENGINEERING (7)
HOTELS (1)
INDUSTRIALS (16)
MOTORS (1)
NEWSPAPERS (2)
SHIPPING (1)
TEXTILES (5)
TRUSTS (10)

NEW LOWS (38)
AMERICANS (7)
Amdahl, Int. Tel. & Tel.
Beth. Steel, Sperry Corp.
Fluor Corp., Time Inc.
Ingersoll-Rand
CANADIANS (3)
Can. Imp. Bank, Trans. Can. Pipe
Inco
STORES (1)
Sonic Sound
ELECTRICALS (2)
Electronic Rentals, Mitel Corp.
ENGINEERING (2)
Lloyd (F. H.), Spear & Jackson
FOODS (1)
RHM
HOTELS (1)
Kursaal
INDUSTRIALS (4)
Combined Tech., Man. Ship Canal
Kershaw (A.)
PROPERTY (4)
Lynton, Trust Secs.
North British Prop., Do. Defd. Conv.
SHOES (1)
Strong & Fisher
TEXTILES (1)
Sumner (F.)
TRUSTS (2)
Gresham House, English Assoc.
OIL & GAS (1)
Sceptre Res.
OVERSEAS TRADERS (1)
Nesco Inv.
TEAS (1)
McLeod Russel
MINES (5)
Leslie, Ayer Hitam
Anglo Am. Inv., Cons. Murchison
Zam. Cpr.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	78	0	14
Corpns. Dom. and Foreign Bonds	33	2	42
Industrials	206	142	884
Fin. and Props.	128	45	338
Oils	14	29	62
Plantations	1	3	19
Mines	41	38	80
Others	48	47	62
Totals	547	306	1,611

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 24	June 11	Sept 2	Sept 13
June 14	June 25	Sept 16	Sept 27
June 28	July 9	Sept 30	Oct 11

For rate indications see end of Share Information Service

Calls were arranged in ICI, Tozer Kemsley and Millbourn, Hutchison Whampoa, Town and City Properties, First National Finance, Huntley and Palmer, Chloride, John Brown, Trident TV A, Glaxo, Ferranti, MFI and Barker and Dobson. Puts were taken out in Kloof Gold and Courtaulds, while doubles were done in Town and City Properties, Valor and Sangers.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, June 2, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	[illegible]
Albania	Lek	[illegible]
Algeria	Dinar	[illegible]
Andorra	Fr. Franc / Sp. Peseta	[illegible]
Angola	Kwanza	[illegible]
Antigua	E. Caribbean $	[illegible]
Argentina	Peso (f)(2)	[illegible]
Australia	Dollar	[illegible]
Austria	Schilling	[illegible]
Azores	Port. Escudo	[illegible]
Bahamas	Dollar	[illegible]
Bahrain	Dinar	[illegible]
Balearic Is.	Sp. Peseta	[illegible]
Bangladesh	Taka	[illegible]
Barbados	Dollar	[illegible]
Belgium	Franc (O) / (F)	[illegible]
Belize	Dollar	[illegible]
Benin	C.F.A. Franc	[illegible]
Bermuda	Dollar	[illegible]
Bhutan	Ind. Rupee	[illegible]
Bolivia	Peso	[illegible]
Botswana	Pula	[illegible]
Brazil	Cruzeiro	[illegible]
Brunei	Dollar	[illegible]
Bulgaria	Lev	[illegible]
Burma	Kyat	[illegible]
Burundi	Franc	[illegible]
Cameroon Rp.	C.F.A. Franc	[illegible]
Canada	Dollar	[illegible]
Canary Is.	Sp. Peseta	[illegible]
Cape Verde Is.	Escudo	[illegible]
Cayman Is.	Dollar	[illegible]
Cen. Af. Rep.	C.F.A. Franc	[illegible]
Chad	C.F.A. Franc	[illegible]
Chile	Peso	[illegible]
China	Renminbi Yuan	[illegible]
Colombia	Peso (O)	[illegible]
Comoros	C.F.A. Franc	[illegible]
Congo (People's Rep. of)	C.F.A. Franc	[illegible]
Costa Rica	Colon (O) / (F)	[illegible]
Cuba	Peso	[illegible]
Cyprus	Pound	[illegible]
Czechoslovakia	Koruna (O)	[illegible]
Denmark	Krone	[illegible]
Djibouti Rp. of	Franc	[illegible]
Dominica	E. Caribbean $	[illegible]
Dominican Rep.	Peso (O)	[illegible]
Ecuador	Sucre (O) / (F)	[illegible]
Egypt	Pound (O) / (1)	[illegible]
El Salvador	Colon (O)	[illegible]
Eq'tl Guinea	Ekuele	[illegible]
Ethiopia	Birr	[illegible]
Faeroe Is.	Dan. Krone	[illegible]
Falkland Is.	Pound	[illegible]
Fiji	Dollar	[illegible]
Finland	Markka	[illegible]
France	Franc	[illegible]
Fr. Cty in Af.	C.F.A. Franc	[illegible]
Fr. Guiana	Franc	[illegible]
Fr. Pac. Is.	C.F.P. Franc	[illegible]
Gabon	C.F.A. Franc	[illegible]
Gambia	Dalasi	[illegible]
Germany (E)	Ostmark	[illegible]
Germany (W)	Mark	[illegible]
Ghana	Cedi	[illegible]
Gibraltar	Pound	[illegible]
Greece	Drachma	[illegible]
Greenland	Dan. Krone	[illegible]
Grenada	E. Caribbean $	[illegible]
Guadaloupe	Franc	[illegible]
Guam	U.S. $	[illegible]
Guatemala	Quetzal	[illegible]
Guinea Bissau	Peso	[illegible]
Guinea Rep.	Syli	[illegible]
Guyana	Dollar	[illegible]
Haiti	Gourde	[illegible]
Honduras Rep.	Lempira	[illegible]
Hong Kong	Dollar	[illegible]
Hungary	Forint	[illegible]
Iceland	Krona	[illegible]
India	Rupee	[illegible]
Indonesia	Rupiah	[illegible]
Iran	Rial	[illegible]
Iraq	Dinar	[illegible]
Irish Rep.	Punt	[illegible]
Israel	Shekel	[illegible]
Italy	Lira	[illegible]
Ivory Coast	C.F.A. Franc	[illegible]
Jamaica	Dollar	[illegible]
Japan	Yen	[illegible]
Jordan	Dinar	[illegible]
Kampuchea	Riel	[illegible]
Kenya	Shilling	[illegible]
Kiribati	Aust. Dollar	[illegible]
Korea (Nth)	Won	[illegible]
Korea (Sth)	Won	[illegible]
Kuwait	Dinar	[illegible]
Lao P'ple D. Rep.	Kip	[illegible]
Lebanon	Pound	[illegible]
Lesotho	Loti	[illegible]
Liberia	Dollar	[illegible]
Libya	Dinar	[illegible]
Liechtenstein	Sw. Franc	[illegible]
Luxembourg	Lux. Franc	[illegible]
Macao	Pataca	[illegible]
Madagascar D.R.	Franc	[illegible]
Madeira	Port. Escudo	[illegible]
Malawi	Kwacha	[illegible]
Malaysia	Ringgit	[illegible]
Maldive Is.	Rufiyaa	[illegible]
Mali Rep.	Franc	[illegible]
Malta	Pound	[illegible]
Martinique	Franc	[illegible]
Mauritania	Ouguiya	[illegible]
Mauritius	Rupee	[illegible]
Mexico	Peso	[illegible]
Miquelon	Franc	[illegible]
Monaco	Fr. Franc	[illegible]
Mongolia	Tugrik	[illegible]
Montserrat	E. Caribbean $	[illegible]
Morocco	Dirham	[illegible]
Mozambique	Metical	[illegible]
Namibia	S.A. Rand	[illegible]
Nauru Is.	Aust. Dollar	[illegible]
Nepal	Rupee	[illegible]
Netherlands	Guilder	[illegible]
Neth. Ant'les	Guilder	[illegible]
New Zealand	Dollar	[illegible]
Nicaragua	Cordoba	[illegible]
Niger Rp.	C.F.A. Franc	[illegible]
Nigeria	Naira	[illegible]
Norway	Krone	[illegible]
Oman Sultanate of	Rial	[illegible]
Pakistan	Rupee	[illegible]
Panama	Balboa	[illegible]
Papua N.G.	Kina	[illegible]
Paraguay	Guarani	[illegible]
Peru	Sol	[illegible]
Philippines	Peso	[illegible]
Pitcairn Is.	N.Z. Dollar	[illegible]
Poland	Zloty	[illegible]
Portugal	Escudo	[illegible]
Port Timor	Escudo	[illegible]
Puerto Rico	U.S. $	[illegible]
Qatar	Riyal	[illegible]
Reunion Ile de la	Fr. Franc	[illegible]
Romania	Leu	[illegible]
Rwanda	Franc	[illegible]
St. Christopher	E. Caribbean $	[illegible]
St. Helena	Pound	[illegible]
St. Lucia	E. Caribbean $	[illegible]
St. Pierre	Fr. Franc	[illegible]
St. Vincent	E. Caribbean $	[illegible]
Samoa (Western)	Tala	[illegible]
Samoa (Am.)	U.S. $	[illegible]
San Marino	It. Lira	[illegible]
Sao Tome & Principe DR	Dobra	[illegible]
Saudi Arabia	Riyal	[illegible]
Senegal	C.F.A. Franc	[illegible]
Seychelles	Rupee	[illegible]
Sierra Leone	Leone	[illegible]
Singapore	Dollar	[illegible]
Solomon Is.	Dollar	[illegible]
Somali Rep.	Shilling (3) / (4)	[illegible]
South Africa	Rand	[illegible]
Spain	Peseta	[illegible]
Span. Ports in N. Africa	Sp. Peseta	[illegible]
Sri Lanka	Rupee	[illegible]
Sudan Rep.	Pound	[illegible]
Surinam	Guilder	[illegible]
Swaziland	Lilangeni	[illegible]
Sweden	Krona	[illegible]
Switzerland	Franc	[illegible]
Syria	Pound	[illegible]
Taiwan	Dollar	[illegible]
Tanzania	Shilling	[illegible]
Thailand	Baht	[illegible]
Togo Rep.	C.F.A. Franc	[illegible]
Tonga Is.	Pa'anga	[illegible]
Trinidad & Tobago	Dollar	[illegible]
Tunisia	Dinar	[illegible]
Turkey	Lira	[illegible]
Turks & Caicos	U.S. $	[illegible]
Tuvalu	Aust. Dollar	[illegible]
Uganda	Shilling	[illegible]
Utd. A'b. Emir.	Dirham	[illegible]
Utd. Kingdom	Pound Sterling	[illegible]
Upper Volta	C.F.A. Franc	[illegible]
Uruguay	Peso	[illegible]
U.S.S.R.	Rouble	[illegible]
Vanuatu	Vatu / Aust. Dollar	[illegible]
Vatican	Lire	[illegible]
Venezuela	Bolivar	[illegible]
Vietnam	Dong	[illegible]
Virgin Is. Br.	U.S. $	[illegible]
Virgin Is. U.S.	U.S. $	[illegible]
Yemen	Rial	[illegible]
Yemen PDR	Dinar	[illegible]
Yugoslavia	Dinar	[illegible]
Zaire Rp.	Zaire	[illegible]
Zambia	Kwacha	[illegible]
Zimbabwe	Dollar	[illegible]

n.a. Not available. (m) Market rate. ** U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. (1) Egypt—Floating rate fixed daily by Central Bank of Egypt for importers, exporters, Tourists. (2) Argentina—devalued by approx. 17 per cent 5/5/82. (3) Somali: Parallel exchange rate introduced July 1 for selected imports. (4) Somali: Exports and Non-Essential imports and Transfers. (5) Malawi—devalued 20/4/82. (6) Ecuador—devaluation by 32 per cent 14/5/82.

Companies and Markets

CURRENCIES and MONEY

Dollar soft

Dollar weakened in fairly quiet trading after showing early gains on fears about the stability of European currencies. Sterling however remained very firm.

French franc continued to suffer from doubts about its future in the European Monetary System, touching its lowest permitted level against the D-mark in the afternoon.

DOLLAR — Trade-weighted index (Bank of England) 115.1 against 115.7 on Wednesday, and 106.0 six months ago. Three month Treasury bills 12.05 per cent (10.58 per cent six months ago). Annual inflation rate 6.6 per cent (6.8 per cent previous month)—The dollar fell to DM 2.3590 from DM 2.3675 against the D-mark; and to Y242.75 from Y244.75 against the Japanese yen. On the other hand it rose to FFr 6.1725 from FFr 6.1650 against the French franc, and to SwFr 2.0190 from SwFr 2.0175 in terms of the Swiss franc.

STERLING — Trade-weighted index 90.7, compared with 90.8 at noon and in the morning, 90.7 at the previous close, and 91.4 six months ago. Three-month interbank 13 per cent (14½ per cent six months ago). Annual inflation 9.4 per cent (10.4 per cent previous month)—The pound opened at $1.7945-1.7955 and fell to a low of $1.7910-1.7920 in the morning, but then improved steadily to finish at the best level of the day, at $1.7980-1.7990, a rise of 60 points on the day. Sterling was unchanged at DM 4.2450, and rose to FFr 11.0850 from FFr 11.0450, and to SwFr 3.6325 from SwFr 3.62, but fell to Y436.50 from Y438.50.

D-MARK — EMS member (strongest) Trade-weighted index 124.6 against 124.4 on Wednesday, and 122.4 six months ago. Three-month interbank 9.1250 per cent (10.70 per cent six months ago). Annual inflation 5.3 per cent (5.0 previous month) —The D-mark gained ground against most major currencies at the Frankfurt fixing. The dollar drifted down, with no particular factors influencing the market. It was fixed at DM 2.3715, compared with DM 2.3860 on Wednesday. The Bundesbank did not intervene at the fixing, and was probably not active on the open market. In the afternoon the U.S. currency fell further to DM 2.3575. Sterling showed a similar trend, declining to DM 4.2490 from DM 4.2540 at the fixing, and continuing to weaken to DM 4.2340 in late trading. The Swiss franc fell to DM 1.1680 from DM 1.1719 at the fixing, and the French franc weakened to DM 38.25 per 100 francs from DM 38.30.

FRENCH FRANC—EMS member (third weakest). Trade-weighted index was unchanged at 79.3 against 81.3 six months ago. Three-month interbank 16⅞ per cent (15⅞ per cent six months ago). Annual inflation rate 13.9 per cent (14.1 per cent previous month).—The French franc showed mixed changes at the Paris fixing, improving against the dollar, but losing ground to sterling and most members of the EMS. The U.S. currency finished little changed on the day however, at FFr 6.1725 compared with FFr 6.1650, after falling to FFr 6.1580 from FFr 6.2140 at the fixing. Most members of the EMS gained ground against the French currency, with the D-mark rising to FFr 2.6102 from FFr 2.6085 at the fixing, and outside the system sterling rose to FFr 11.1085 from FFr 11.1045 at the fixing, but fell to FFr 11.0950 in the late afternoon.

BELGIAN FRANC — EMS member (second weakest). Trade-weighted index 93.5 against 95.3 on Wednesday, and 105.0 six months ago. Three-month Treasury bills 14½ per cent (14½ per cent six months ago). Annual inflation 9.5 per cent (8.4 per cent previous month)—The Belgian franc improved against the dollar, sterling and the Swiss franc at the Brussels fixing, but lost ground to the yen, and two of the firmer members of the EMS, the D-mark and Dutch guilder. Last week the Belgian central bank spent the equivalent of BFr 6.2bn in support of its currency, compared with BFr 3.8bn the previous week.

THE POUND SPOT AND FORWARD

June 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7910-1.7990	1.7980-1.7990	0.20-0.30c dis	-1.67	0.72-0.82dis	-1.71
Canada	2.2270-2.2360	2.2340-2.2350	0.70-0.80c dis	-4.03	1.95-2.05dis	-3.58
Nethlnd	4.65-4.72	4.69½-4.70½	2-1⅛c pm	4.47	5¼-4⅝ pm	4.25
Belgium	80.00-80.40	80.25-80.35*	18-28c dis	-3.44	65-75 dis	-3.49
Denmark	14.46-14.51	14.49½-14.50½	6⅞-7⅞ore dis	-6.00	16⅝-17⅝dis	-4.64
Ireland	1.2250-1.2315	1.2260-1.2270	0.58-0.70p dis	-6.31	1.96-2.12dis	-6.65
W. Ger	4.22¾-4.26½	4.24-4.25	1⅞-1⅜pf pm	4.24	4⅞-4⅜ pm	4.24
Portugal	128.75-130.50	130.00-130.50	105-380c dis	-22.24	318-915dis	-18.99
Spain	189.70-190.40	190.00-190.20	55-85c dis	-4.42	215-255 dis	-4.94
Italy	2,349-2,359	2,355-2,357	19-22 lire dis	-10.44	61-65 dis	-10.76
Norway	10.87-10.91	10.89½-10.89½	1⅜-2⅞ore dis	-2.65	5⅜-6⅝ dis	-2.16
France	11.05-11.12	11.09-11.10	15⅝-18⅝c dis	-18.12	40-43 dis	-14.96
Sweden	10.54-10.58	10.55½-10.56½	¾-1ore dis	-0.71	⅞-1⅞ dis	-0.47
Japan	434-440	436-437	2.20-2.00y pm	5.77	6.35-6.15 pm	5.73
Austria	29.82-29.97	29.85-29.90	12½-9⅞gro pm	4.42	35½-28½ pm	4.28
Switz	3.61-3.65	3.62½-3.63½	3⅛-2⅛c pm	9.91	8⅞-7⅞ pm	8.67

Belgian rate is for convertible francs. Financial franc 87.55-87.95. Six-month forward dollar 1.60-1.70c dis. 12-month 2.70-2.85c dis. * The closing rate for June 2 should have read 80.15-80.25.

THE DOLLAR SPOT AND FORWARD

June 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7910-1.7990	1.7980-1.7990	0.20-0.30c dis	-1.67	0.72-0.82dis	-1.71
Ireland†	1.4560-1.4675	1.4630-1.4675	0.63-0.53c pm	4.77	1.84-1.70 pm	4.85
Canada	1.2427-1.2450	1.2435-1.2440	0.25-0.28c dis	-2.56	0.57-0.60dis	-1.88
Nethlnd	2.6085-2.6310	2.6095-2.6115	1.32-1.22c pm	5.82	3.90-3.80 pm	5.89
Belgium	44.62-44.85	44.62-44.64	5-8c dis	-1.75	18-22 dis	-1.79
Denmark	8.0625-8.0950	8.0625-8.0675	2⅞-3ore dis	-4.28	5.85-6.35dis	-3.02
W. Ger	2.3540-2.3740	2.3585-2.3595	1.17-1.12pf pm	5.82	3.52-3.47 pm	5.93
Portugal	71.75-72.70	72.15-72.35	50-200c dis	-20.77	150-525dis	-18.65
Spain	105.80-106.10	105.80-105.85	22-28c dis	-2.81	85-95 dis	-3.37
Italy	1,310-1,314	1,310-1,311	9⅞-11⅞ lire dis	-9.51	29⅝-31⅝ dis	-9.23
Norway	6.0500-6.0700	6.0600-6.0650	0.50-0.80ore dis	-0.69	0.20-0.60dis	-0.26
France	6.1550-6.2050	6.1700-6.1750	8-9c dis	-16.54	19⅞-20⅝dis	-12.98
Sweden	5.8700-5.9000	5.8700-5.8750	0.36-0.16ore pm	0.51	1.70-1.50 pm	1.09
Japan	242.30-244.20	242.70-242.80	1.54-1.49y pm	7.41	4.55-4.50 pm	7.33
Austria	16.58½-16.71	16.58½-16.59½	9.7⅞gro pm	6.05	26½-23½ pm	5.96
Switz	2.0140-2.0340	2.0185-2.0195	1.86-1.90c pm	11.53	5.20-5.12 pm	10.22

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 3	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.7	-33.6
U.S. dollar	115.1	+7.8
Canadian dollar	86.9	-19.2
Austrian schilling	117.5	+28.1
Belgian franc	93.5	-1.7
Danish kroner	83.8	-12.4
Deutsche mark	124.6	+48.2
Swiss franc	145.0	+91.0
Guilder	115.7	+22.9
French franc	79.3	-14.9
Lira	54.1	-56.5
Yen	135.6	+29.9

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

June 3	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.625049	0.563436
U.S. $	12	1.12016	1.01080
Canadian $	15.43	—	1.25594
Austria Sch.	6¾	18.6964	16.8602
Belgian Fr.	14	50.2154	45.1739
Danish Kr.	11	9.05305	8.18719
D mark	7½	2.65565	2.39505
Guilder	8	2.94319	2.64528
French Fr.	9½	6.93149	6.25818
Lira	19	1470.46	1324.15
Yen	5½	272.532	245.281
Norwgn. Kr.	9	6.78147	6.12194
Spanish Pts.	8	118.792	107.196
Swedish Kr.	10	6.59208	5.94756
Swiss Fr.	5½	2.27502	2.04658
Greek Dr'ch.	20½	n.a.	65.4874

*CS/SDR rate for June 2: 1.39064

OTHER CURRENCIES

June 3	£	$		£ Note Rates
Argentina Peso	26,178-26,218†	14,550-14,600†	Austria	29.80-30.10
Australia Dollar	1.7120-1.7140	0.9535-0.9540	Belgium	86½-87½
Brazil Cruzeiro	293.85-294.85	163.35-164.17	Denmark	14.44-14.58
Finland Markka	8.215-8.235	4.5720-4.5770	France	11.03-11.13
Greek Drachma	116.590-116.687	64.80-64.90	Germany	4.23½-4.27½
Hong Kong Dollar	10.33½-10.35¼	5.7600-5.7650	Italy	2300-2350
Iran Rial	147.00*	82.00*	Japan	435-441
Kuwait Dinar (KD)	0.51545-0.51615	0.2870-0.28715	Netherlands	4.64-4.73
Luxembourg Fr.	80.25-80.35	44.62-44.64	Norway	10.82-10.92
Malaysia Dollar	4.1175-4.1575	2.2950-2.3000	Portugal	126-140
New Zealand Dlr.	2.3370-2.3510	1.3150-1.3145	Spain	187½-191½
Saudi Arab. Riyal	6.1575-6.1645	3.4265-3.4085	Sweden	10.52-10.62
Singapore Dollar	3.7625-3.7725	2.1055-2.1265	Switzerland	3.62-3.66
Sth. African Rand	1.9560-1.9575	1.0875-1.0885	United States	1.78½-1.80½
U.A.E. Dirham	6.5950-6.6050	3.6710-3.6730	Yugoslavia	82-104

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	45.1729	+1.07	+1.11	±1.5440
Danish Krone	8.18382	8.15719	-0.33	-0.29	±1.6428
German D-Mark	2.41815	2.39005	-1.16	-1.12	±1.1097
French Franc	6.19564	6.23818	+0.69	+0.73	±1.3743
Dutch Guilder	2.67296	2.64528	-1.04	-1.00	±1.5069
Irish Punt	0.686799	0.690912	+0.60	+0.64	±1.6689
Italian Lira	1305.13	1324.15	+1.46	+1.46	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 3	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.799	4.245	436.5	11.095	3.633	4.700	2336.	2.235	80.30
U.S. Dollar	0.556	1.	2.360	242.7	6.169	2.020	2.613	1310.	1.242	44.65
Deutschemark	0.236	0.424	1.	102.8	2.614	0.856	1.107	555.0	0.526	18.92
Japanese Yen 1,000	2.291	4.120	9.725	1000.	25.42	8.323	10.77	5397.	5.119	184.0
French Franc 10	0.901	1.621	3.826	393.4	10.	3.274	4.236	2123.	2.014	72.37
Swiss Franc	0.275	0.495	1.169	120.2	3.054	1.	1.294	648.6	0.615	22.11
Dutch Guilder	0.213	0.383	0.903	92.87	2.361	0.773	1.	501.3	0.475	17.09
Italian Lira 1,000	0.424	0.763	1.802	185.3	4.709	1.542	1.995	1000.	0.948	34.08
Canadian Dollar	0.448	0.805	1.900	195.3	4.965	1.626	2.103	1054.	1.	35.94
Belgian Franc 100	1.245	2.240	5.286	543.6	13.82	4.524	5.853	2934.	2.783	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 3)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 5/8	offer 14 3/4	bid 14 11/16	offer 14 13/16

The fixing rates are the arithmetical means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

June 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	13⅛-13¼	13⅞-14⅛	17-18	8¼-8½	1¼-1½	8 11/16-8 13/16	17-20	19-22	13⅛-15	14¾-15¼	6⅛-6¾	—
7 day's notice	13⅛-13¼	14-14¼	17-18	8⅜-8⅝	1¼-1¾	8⅝-8¾	22-27	21½-24	14¾-17¼	14⅞-15⅛	6 7/16-6 9/16	18½-20
Month	13 1/16-13 3/16	14¼-14½	17-17⅝	8 9/16-8 11/16	2⅞-3	8 11/16-8 13/16	29½-31	23¼-24¾	16¼-17¾	14⅞-16⅛	6 13/16-7 1/16	19⅛-20⅝
Three months	13 1/16-13 3/16	14⅜-14⅝	16½-16⅞	8⅝-8¾	4 1/16-4⅛	8 11/16-8 13/16	27-28	23⅝-24⅜	16¼-17¼	14⅞-15⅛	7 7/16-7 9/16	19¾-21¼
Six months	13-13⅛	14½-14⅞	16¼-16⅝	8¾-8⅞	4⅞-5	8 11/16-8 13/16	23⅛-24½	23½-24½	16¼-17¼	14½-14¾	7-7⅛	18⅝-20⅛
One Year	13-13⅛	14 7/16-14 13/16	16¼-16⅝	8 11/16-8 13/16	5 1/16-5 3/16	8⅝-8¾	20¾-21¾	23⅝-24⅛	15¾-16¾	14⅜-14⅝	7⅛-7¼	17½-19

SDR linked deposits: one month 14 3/16-14 7/16 per cent; three months 13 11/16-14 1/16 per cent; six months 13⅝-13⅞ per cent; one year 13-13⅜ per cent.

ECU linked deposits: one month 15⅝-16 per cent; three months 15-15⅜ per cent; six months 14¼-14⅝ per cent; one year 13 9/16-13 15/16 per cent.

Asian $ (closing rates in Singapore): one month 14 3/16-14 5/16 per cent; three months 14 9/16-14 11/16 per cent; six months 14⅝-14¾ per cent; one year 14 9/16-14 11/16 per cent. Long-term Eurodollar two years 14¾-15 per cent; three years 15-15¼ per cent; four years 15⅛-15⅜ per cent; five years 15¼-15½ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen: others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 14.00-14.10 per cent; three months 14.15-14.25 per cent; six months 14.20-14.30 per cent; one year 14.20-14.30 per cent.

MONEY MARKETS

UK rates continue to fall

UK clearing bank base lending rate 13 per cent (since March 12)

Short-term interest rates maintained the recent downward trend in the London money market yesterday. Three-month interbank money fell to 13 per cent from 13 1/16 per cent, reviving speculation about a possible cut in clearing bank base lending rates in the near future.

Day-to-day credit was forecast to be in short supply yesterday *morning according* to the Bank of England, and the main factors were expected to be: bills maturing in official hands, and a net take-up of Treasury bills by the market −£82m, partly offset by Exchequer transactions +£20m.

In the afternoon the expected shortage of £50m was changed to a surplus of about £100m. The authorities did not operate in the market during the morning, but absorbed part of the surplus in the afternoon by selling £87m Treasury bills, maturing today, at 11½-12¾ per cent.

Against the background of very comfortable conditions overnight interbank money fell to 6-8 per cent after opening at 13-13½ per cent. By mid-afternoon rates moved back up to 11-11½ per cent but fell sharply to 2 per cent at the close.

In Frankfurt call money traded steadily at around 9 per cent as the Bundesbank moved to replace money market liquidity. Tenders were invited for a 28-day securities repurchase agreement at a fixed rate of 8.9 per cent. Bids are due *this morning*, and funds will be credited to the banks on Monday. No upper limit was placed on the money available, but it was expected that the amount would be roughly equal to the DM 8.3bn which will be drained from the market on Monday, when an existing 28-day agreement expires. There was no change in key interest rates at the Bundesbank central council meeting, but the rate of 8.9 per cent quoted for the new repurchase agreement was seen as a sign that the authorities wish to keep rates steady around the 9 per cent Lombard level.

In Paris the Bank of France left its money market intervention rate at 16 per cent when adding liquidity through purchases of first category paper, which will mature between June 21 and 29.

Difficult year at Goldfields Ind.

By Thomas Sparks in Johannesburg

Goldfields Industrial Corporation (GIC), the South African machine tools supplier 60 per cent owned by B. Elliot, found trading conditions difficult in the year to March 31 1982. Though turnover rose to R57m (£29.5m at current rates) from R53.6m pre-tax profit fell to R6.1m from R8.4m.

EUROCURRENCIES

Sterling rates ease

Eurosterling interest rates continued to ease yesterday, but the steady performance of the pound against the dollar in spot foreign exchange trading left forward sterling little changed overall in the forward market. Eurodollar rates had a firmer tone in early European trading, but eased later, to show little change on the day.

Swiss franc rates declined, but other European rates were little changed. Euro D-mark rates moved up slightly, but Eurolira rates showed an easier tone, leading to a reduction in the Italian currency's forward discount against the dollar. On the other hand forward Euro French franc rates were generally steady, but the French currency also improved slightly against the dollar in forward trading.

MONEY RATES

NEW YORK	
Prime rate	16-16½
Fed funds (lunch-time)	13½-13¾
Treasury bills (13-week)	12.05
Treasury bills (26-week)	12.05
GERMANY	
Lombard	9.0
Overnight rate	9.0
One month	9.10
Three months	9.125
Six months	8.925
FRANCE	
Intervention rate	16.0
Overnight rate	16.25
One month	16.3125
Three months	16.3125
Six months	15.5625
JAPAN	
Discount rate	5.5
Call (unconditional)	7.28125
Bill discount (three-month)	7.21875

LONDON MONEY RATES

June 3 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	2-13¼	13⅛-13¼	—	—	12½-13⅞	8-12¼	—	—	—
2 days notice	—	—	13⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅛-13⅜	13⅛-13¼	—	—	13⅛	13	—	—	—
One month	13 3/16-13 1/16	13⅛-13¼	13¼	13¾-13⅜	13⅛	13⅛	13	13	13	13⅜
Two months	13⅛-13	13-13 3/16	—	13⅝-13¼	13⅛	13⅛	12¾	12⅝	12¾	13⅛
Three months	12 13/16-12 11/16	12⅞-13⅛	13⅛	13⅜-13¼	13 1/16	13⅛	12½	12⅛	12⅞	13⅜
Six months	12⅞-12¾	12⅞-13 1/16	13	12¼-12	13 1/16	—	—	—	12 7/16	13
Nine months	12⅞-12¾	12⅞-13 1/16	—	13¼-12⅞	13 1/16	—	—	—	—	—
One year	12⅞-12¾	12⅞-13⅛	13	13⅛-12¾	13 1/16	—	—	—	—	—
Two years	—	—	13⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 13⅜ per cent; four years 13⅜ per cent; five years 13⅞ per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅝ per cent; four months trade bills 13⅜ per cent.

Approximate selling rates for one month Treasury bills 12¾ per cent; two months 12⅝ per cent; three months 12⅞ per cent. Approximate selling rate for one month bank bills 12⅞ per cent; two months 12⅝ per cent and three months 12½ per cent; one month trade bills 13⅜ per cent; two months 13¼ per cent; three months 13⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from June 1 1982. London and Scottish Clearing Bank Rates for lending 13 per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 10-10½ per cent. Treasury Bills: Average tender rates of discount 12.6875 per cent.

Certificates of Tax Deposit (Series 6) 13¾ per cent from May 14. Deposits withdrawn for cash 11 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Abbey Unit Tst. Mngrs. (a)

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

Life Assur. Co. of Pennsylvania
8, New Rd., Chatham, Kent. Medway 812348

LACOP Units	11.72	12.31	.....	—

Lloyds Life Assurance
20, Clifton St., EC2A 4HX 01-920 0202

Mutl Gwth. May 6	£2.0240	—	—	—
Op. 5 Prop. A June 3	224.2	236.0	+0.2	—
Op. 5 Equity June 3	220.4	232.1	+2.6	—
Op. 5 Hy. June 3	197.0	207.4	+2.8	—
Op. 5 Man. June 3	234.3	246.7	+2.1	—
Op. 5 Dep. June 3	168.4	177.3	+0.2	—
Op. In. B June 3	168.4	177.3	+0.2	—
Op. 5 Inc. D June 3	107.1	112.8	-1.2	—
Op. In. M. June 3	117.0	123.2	-1.5	—
U.S. $ F.I. June 3	106.2	111.8	-0.2	—
O & G Pp. Fd. June 3	97.2	102.4	+0.2	—
Pens. Pr. May 28	236.5	249.0	.....	—
Pens. Pr. Cp. May 28	180.8	189.5	.....	—
Pens. Eq. Ac. May 28	563.8	593.5	.....	—
Pens. Eq. Op. May 28	429.0	451.6	.....	—
Pens. Fxd. Ac. May 28	267.7	281.8	.....	—
Pens. Fxd. Cp. May 15	203.8	214.5	.....	—
Pens. Mng. May 15	374.3	394.1	.....	—
Pens. Mng. Cp. May 15	284.8	299.8	.....	—
Pens. Dp. Ac. May 15	240.9	253.6	.....	—
Pens. Dp. Cp. May 15	183.3	193.0	.....	—

Britannia Funds—Series A

Am. Smlr. Co's. June 2	86.5	91.1	.....	—
Am. Spec. Sits. June 2	101.1	106.5	.....	—
Commodity June 2	63.4	66.8	.....	—
Extra Inc June 2	89.9	94.7	.....	—
Far East June 2	96.1	101.2	.....	—
Fin. Secs. June 2	106.1	111.7	.....	—
Gold & Gen. June 2	53.1	55.9	.....	—
Growth June 2	82.8	87.2	.....	—
Inc. & Growth June 2	107.8	113.5	.....	—
Int. Growth June 2	90.6	95.4	.....	—
Japan Prtf. June 2	77.9	82.1	.....	—
Minerals June 2	60.2	63.4	.....	—
Nat. High Inc. June 2	99.8	105.1	.....	—
Prop. Shares June 2	85.6	90.2	.....	—
Sp. Mkt. Sits. June 2	87.6	92.3	.....	—
Recovery June 2	87.4	[illegible]	.....	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

NUIS (Managed Funds) Ltd.

Managed Fund	328.7	346.0	+1.7	—
Equity Fund	557.9	587.3	+3.6	—
Property Fund	214.6	225.9	+0.1	—
Fixed Int. Fund	202.8	213.4	+1.0	—
Deposit Fund	148.60	156.4	.....	—

Norwich Union Life Insurance Society Pensionsvalue

Fixed Interest*	120.2	126.5	+1.0	—
Ordinary Share*	124.8	131.3	+0.1	—
Property*	107.7	113.3	.....	—
Deposit*	103.1	108.5	.....	—
Index Linked Secs.*	103.5	108.9	.....	—
Mixed*	118.5	124.7	+0.3	—

Prices at June 1.

Nor. Units May 15		321.2	.....	—

Pearl Assurance (Unit Funds) Ltd.
252 High Holborn, WC1V 7EB. 01-405 8441.

Inv. Prop. Dist.	132.3	139.3	.....	—
Inv. Prop. Acc.	175.7	185.0	.....	—
Inv. Equity	177.2	186.6	.....	—
Inv. Managed	161.5	170.1	.....	—

Pearl Assurance (Unit Linked Pensions) Ltd.

Ret. Managed	132.3	139.3	.....	—

Phoenix Assurance Co. Ltd.
4-5 King William St., EC4P 4HR. 01-626 9876

Wealth Ass.	179.4	188.9	.....	—
Eb'r. Ph. Eq. E.	116.3	123.8	.....	—

Pioneer Mutual Insurance Co. Ltd.
16, Crosby Rd., N. Waterloo, L'pool 051-928 6655

Pioneer Mtl. Md. Fd.	114.0	121.0	.....	—

Planned Savings Group
68, East Street, Horsham 0403 50255

1st Managed	72.9	77.5	.....	—
1st Fixed Interest	79.3	84.4	.....	—
4th Managed	56.9	60.6	.....	—
5th Managed	65.6	69.8	.....	—

Wardley Investment Services Ltd.,
4th Floor, Hutchison House, Hong Kong

Wardley Trust	HK$24.59	25.80	.....	4.77
Wardley Nikko As. Fd.	[illegible]	41.43	.....	2.41
Wardley Bond Trust	$9.92	10.10	.....	8.71
Wardley Japan Trust	$15.40	15.95	.....	1.13

World Wide Growth Management¶
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.65		.....	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	39.0	40.6	.....	6.60
Chinese Fund	75.5	78.7	.....	9.30
Precious Metal Fund.	176.5	183.5	.....	8.30
Vanguard Cmdy. Fd.	43.7	44.5	.....	2.30
Financial Futures Fd.	101.2	105.4	.....	—
Wren Intl. Fd.*	$0.935	0.973	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

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Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
72¼	64¾	Do. 5½pc '85-87	72	+½	7.68	13.26
67¾	56	Do. 6¾pc '88-90	67¾	+½	10.39	14.13
22½	19½	Do. 3pc '20 Aft.	22½	+½	13.69	—
97½	90¼	Sunderland 12¼pc 1984	97½	+½	12.53	13.52

COMMONWEALTH AND AFRICAN LOANS

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
92	85¼	Aust. 6pc 1981-83	91¾	+¼	4.48	12.21
67	57	N.Z. 7¼pc 1988-92	64½xd	+½	11.13	13.71
86	74¾	Do. 7½pc '83-86	84xd	+½	8.81	12.61
161	136	S. Rhod. 2½pc Non-Ass.	159	......	—	—
66	58	Do. 3½pc 80-85 Asstd.	66	......	5.30	17.80
41	32	Do. 4½pc 87-92 Asstd.	40xd	......	11.31	17.60
372	318	Zimbabwe Ann (£100pa)	362	......	20.00	20.20

LOANS

Public Board and Ind.

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
66	57¾	Agric. Mt. 5pc '59-89	62½	+½	8.28	13.99
29½	24¾	Met. Wtr. 3pc 'B'	29½	+½	10.51	13.00
114	103	U.S.M.C. 9pc 1982	112	......	8.04	—
101	94	Do. without Warrts.	101	......	8.91	—

LOANS—Continued

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		Financial				
100¼	95½	FFI 14pc '83	100¼	......	13.96	13.83
98½	94	FFI (UK Fr)15pc Db. '80-2	98½xd	......	5.58	13.70
86	80	Do. 6¼pc Db. '81-84	85½xd	......	7.33	13.46
94½	82½	Do. 10¼pc Uns.Ln. '86	94½	......	11.65	14.10
92	78	Do. 11pc Uns.Ln. '88	92	......	12.58	13.75
93	78	Do. 11¼pc Uns.Ln. '90	93	......	13.36	14.45
92¾	82	Do. 12¾pc Un. Ln. 1992	92¾xd	......	13.47	13.90
65	54	Do. 7¼pc ADeb. '89-92	65	......	11.75	14.41
61½	53	Do. 7¼pc ADeb. '91-94	61½xd	......	11.78	13.60
71½	62	Do. 9pc 'A' '91-94	71½xd	......	12.92	14.30
68½	57⅛	Do. 8¾pc Ln. '92-97	68½xd	......	13.46	14.53
		Building Societies				
100½	98¼	Nat'wide 14¼pc 11.8.82	100	......	14.75	14.37
100½	98¼	Do. 13¾pc 25.8.82	100⅛	......	14.73	13.85
101	99	Do. 15¾pc 29.9.82	100¼	......	15.34	14.11
102⅞	99¼	Do. 16¼pc 27.10.82	100¾xd	......	16.13	13.92
101	99½	Do. 15¾pc 24.11.82	100¾xd	......	15.26	13.46
101⅛	99¼	Do. 15¼pc 13.12.82	101xd	......	15.10	13.19
101¼	99¾	Do. 16¼pc 17.1.83	101⅛	......	16.03	13.82
101½	100	Do. 15⅝pc 7.2.83	100⅞	......	15.49	14.25
100⅜	99⅜	Do. 14¼pc 14.3.83	100	+⅛	14.25	14.25
100½	99⅜	Do. 14¼pc 4.4.83	100	+⅛	14.25	14.25

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

1982 High	Low	Stock	Price	+ or −	Div. Gross	Cvr	Y'ld Gr's
900p	625p	Int. Nat. Gas $1	750p	......	$1.10	—	6.8
151p	88p	Massey Ferg. ‖	117p	+2	$—	—	—
18	14⅛	Rio Algom	14⅛	−⅛	$1.50	—	4.9
11⅞	889p	Royal Bk. Can. $1	918p	−11	$2.00	—	10.0
30½	26½	Seagram Co. C$1	28⅝	+¼	US$1.80	—	3.3
14⅛	10⅞	Tor. Dom. Bk. $1	10⅞	−⅛	$2.00	—	8.4
11½	834p	Trans Can. Pipe	834p	−6	$1.16	—	6.4

BANKS AND HIRE PURCHASE

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
282	210	ANZ $A1	223	−2	028c	3.3	7.7	3.9
253	205	Alexanders D. £1	225	......	18.5	—	11.7	—
£63½	£56½	Algemene Fl.100	£61½	......	026%	1.8	8.8	6.3
100	75	Allied Irish	90	......	045.3%	♦	10.8	♦
*16⅜	10½	Ansbacher (H.) 5p.	10½	......	t0.35	—	4.8	—
260	200	Bk. Ireland £1	225xd	......	020%	—	10.2	—
3½	2	Bk. Leumi $0.1	3xa	......	h08%	—	0.7	—
*227	198	Bk. Leumi (UK)£1	190	......	10.15	—	7.6	—
180	153	Bk. N.S.W. $A1	160	−2	024c	2.9	9.3	3.7
518	390	Bank Scotland £1	390	......	21.0	4.5	7.7	3.1
510	432	Barclays £1	468	+6	‡22.0	5.1	8.0	3.1
240	220	Brown Shipley £1	230	......	b6.5	—	4.0	—
340	275	Cater Allen £1	340	......	23.8	—	10.6	—

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

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MINES—Continued

Central African

[illegible]

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible] ... based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	40	......		IRISH	
Bertrams	17#	......	Conv. 9% '80/82	£97¾	......
Bdg'wtr. Est. 50p	410	......	Nat. 9¾% 84/89	£71½	......
Craig & Rose £1	£22¾	......	Fin. 13% 97/02	£74½	......
Finlay Pkg. 5p	28	......	Alliance Gas	75	+3
Graig Ship. £1	£26	......	Arnott	280xd	+4
Higsons Brew	88	+3	Carroll (P.J.)	75	......
Holt (Jos) 25p	660	......	Concrete Prods.	75	......
I.O.M. Stm. £1	128	−1	Helton (Hldgs.)	20	......
Pearce (C. H.)	£10¾	......	Irish Ropes	95	......
Peel Hldgs.	145	......	Jacob	70	......
Sheff. Refrshmt.	73	+1	T.M.G.	7	+½
Sindall (Wm.)	265	......	Unidare	44	......

OPTIONS

3-month Call Rates

Industrials		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	8	I.C.I.	24	Vickers	16
BOC Intl.	15	"Imps"	8	Woolworths	5
B.S.R.	8½	I.C.L.	5½		
Babcock	16	Ladbroke	15	**Property**	
Barclays Bank	42	Legal & Gen.	19	Brit. Land	7½
Beecham	21	Lex Service	10	Cap. Counties	16
Blue Circle	48	Lloyds Bank	42	Land Secs.	28
Boots	19	"Lots"	6½	MEPC	20
Bowaters	24	London Brick	7	Peachey	14
Brit. Aerospace	17	Lucas Inds.	20	Samuel Props.	12
B.A.T.	38	"Maas"	12	Town & City	3½
Brown (J.)	7	Mrks. & Spncr.	12		
Burton Ord.	15	Midland Bank	30	**Oils**	
Cadburys	9	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	38	Burmah Oil	10
Debenhams	7	P & O Dfd.	14	Charterhall	6
Distillers	15	Plessey	32	KCA	14
Dunlop	6½	Racal Elect.	35	Premier	6
Eagle Star	31	R.H.M.	6½	Shell	30
F.N.F.C.	4	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	28	Reed Intnl.	26	Ultramar	38
Gen. Electric	65	Sears	6		
Glaxo	42	Tesco	5½	**Mines**	
Grand Met.	17	Thorn EMI	42		
G.U.S. 'A'	45	Trust Houses	11	Charter Cons.	25
Guardian	25	T.I.	13	Cons. Gold	45
G.K.N.	25	Turner & Newall	11	Lonrho	7
Hawker Sidd.	30	Unilever	55	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 33

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FINANCIAL TIMES
Friday June 4 1982

BELL'S
SCOTCH WHISKY
BELL'S

Two officers sentenced to 30 years but 11 cleared

Failed Spanish coup leaders jailed

BY ROBERT GRAHAM IN MADRID

TWO OF THE ringleaders of the abortive February 1981 coup in Spain, General Jaime Milans del Bosch and Colonel Antonio Tejero, were yesterday found guilty of rebellion and given the maximum prison sentence of 30 years each.

But the 17-man military tribunal showed leniency towards the other 30 officers and one civilian on trial. General Alfonso Armada, former military adviser to the King, for whom the prosecution demanded a 30-year sentence, was given six years. Other sentences varied from one to five years. Eleven of the officers were absolved completely.

General Milans del Bosch was the commander of the third military region, which he placed under martial law on the night of February 23, refusing to obey the King's orders to withdraw his troops to barracks. Colonel Tejero, a Guardia Civil officer led the seizure of Parliament with some 180 officers and men. He was ordered by the court to pay Pta 1.07m (£5,700) to cover the cost of damage caused during the occupation of the *parliament building*.

The sentences delivered after a three-month trial, provoked a quick and pained reaction from Sr Leopoldo Calvo Sotelo, the Prime Minister.

"I am profoundly distressed that all the punishment has been concentrated on two people," he said.

Both the prosecution and the accused have a right to appeal to the civil appeal court.

The severity of the sentences has been widely regarded as a test of the military's willingness to punish their fellow officers for an action presented in court as designed to "save Spain" from terrorism and anarchy.

During the trial both General Milans del Bosch and Colonel Tejero showed themselves to be unrepentant. Both insulted tribunal judges, all generals, while on the final day Colonel Tejero was ejected from the court after he accused members of the military leadership of being cowards for failing properly to back the coup attempt.

Both men claimed in their defence that they had the King's backing, given in assurances to General Armada. General Armada persistently denied this.

The prosecution case against him was weakly presented, and his six-year sentence appears to have been based on a conspiratorial meeting with General Milans del Bosch in January 1981.

The most surprising acquittal was that of Major Jose Luis Cortina, a senior intelligence officer whom the prosecution claimed was the link-man in the conspiracy between General Armada and Colonel Tejero. The prosecution demanded a 12-year sentence.

During the trial there were suggestions he might have been a double agent.

Cockfield acts over Acclaim row

BY JOHN GRIFFITHS AND PAUL CHEESERIGHT

LORD COCKFIELD, the Trade Secretary, has intervened in the row over the free access of the Triumph Acclaim to Italy's car market.

In a letter to Sig Giovanni Marcora, Italy's Industry Minister, he says Italian demands for proof of the origin of the Acclaim, built by BL under licence from Honda of Japan, are unwarranted.

BL has complied reluctantly, for the second time, with Italian customs and excise demands for documentation on the Acclaim. The most recent demand carried an implied warning that if documents were not received by the end of last week, Acclaim shipments would be held up at the border.

Both the Italian Government and car industry have said the Acclaim is not British but Japanese because, they say, UK content is 60 per cent or less. On that basis it should be subject to restrictions limiting total Japanese imports to 2,500 cars a year.

Lord Cockfield's letter, however, is understood to state firmly that the only criterion Italy can apply is laid down in 1968 EEC regulations defining country of origin as being where the last substantial manufacturing process took place.

In Whitehall it is felt an important principle is at stake—free movement of goods within the EEC under Treaty of Rome rules.

Whether the UK Government takes any further action depends on Sig Marcora's reply and what happens to more shipments.

British Embassy officials in Rome indicated last night that, following BL meeting the latest demands for documents, the immediate problem was over and Acclaims were entering Italy unhindered.

If, however, the Italian authorities did decide to put further pressure on BL, or shipments were delayed again as in April briefly, the UK Government would be prepared to see the issue taken to the European Court.

It is believed in London that the legal case establishing the Acclaim's origin as British is so strong the Italian Government would be unlikely to take any formal action to exclude it.

The entry delays in April were ostensibly to do with taxation problems but it was believed in London the Italian authorities were blatantly using bureaucratic procedures to make sales difficult.

The April shipments were freed after pressure from both the UK and the EEC Commission. Italian customs and excise then demanded a certificate of origin from BL, issued by Birmingham Chamber of Commerce, which BL supplied.

Shortly afterwards an EEC certificate of origin was requested. This document requires less information, however, than was provided on the original certificate and the demand was seen as another harassing tactic.

There is anxiety the matter might not be allowed to rest and that more demands for specific information might follow.

BL's own statement on the Acclaim's UK content is that it is 70 per cent British "by ex-factory price," which includes overheads and BL's profit margin.

Italy is regarded as using the Acclaim as a test-case for any further Europe-Japan collaboration deals. It could bear on Nissan's long-delayed decision on whether to set up a UK plant and on Alfa Romeo's plans for a joint car with Nissan.

In the latter case it could point out that local content would be considerably higher than for the Acclaim because the car would use Alfa engines and running gear (the Acclaim's are from Honda).

If Italy were to treat the Acclaim as Japanese it could influence Acclaim sales elsewhere on the Continent, where BL hopes to sell 15,000 in its first full year.

RTZ annual meeting breaks up in chaos

By George Milling-Stanley

POLICE WERE called to break up scuffles between stewards and dissident shareholders at the close of yesterday's annual meeting of Rio Tinto-Zinc, the London-based international mining and industrial group.

The scuffles broke out when Sir Anthony Tuke, RTZ chairman, closed the meeting abruptly after an hour-and-a-half of questions and statements from shareholders, most of them expressing concern about the group's operations in Namibia and Australia.

It was later announced that RTZ is being threatened by the United Nations Council for Namibia with legal action over its activities in the territory.

At the meeting in the Europa Hotel, London, several shareholders suggested that the meeting should be closed, because it was not the proper forum for "this sort of politically motivated questioning."

As Sir Anthony declared the meeting closed, angry shareholders grabbed for microphones, demanding the right to speak. The meeting dissolved into chaos, with people standing on chairs and shouting at the directors as they left the hall.

Several people then rushed the platform, and stewards stepped in to protect the departing directors. About 30 people climbed on the platform and started to harangue remaining shareholders, but it was impossible to understand what was being said because of the noise.

Four police officers, who had been outside the hall throughout the meeting, entered and began to remove the protesters when it became evident that the stewards would be unable to clear the hall.

Several dissidents, some of whom had attended a meeting the previous evening to co-ordinate the protest activities, sat on the floor and were carried out kicking and shouting.

At a Press conference after the meeting called by Namibian action groups, two lawyers, who have been helping the UN Council for Namibia said the council was considering action in various countries.

Professor Hans Verbeul of Leyden University in the Netherlands, and Mr Sol Picciotto, senior lecturer in law at Warwick University, were among those at the meeting who criticised RTZ's Namibian involvement.

Action by the British or Dutch Governments is unlikely. The British Government has never opposed RTZ's mining activities despite its support for the UN view that the South African administration of Namibia is illegal, the lawyers said.

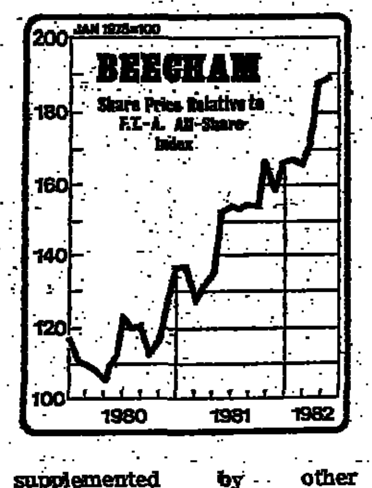
THE LEX COLUMN

Beecham high on drugs again

Enthusiasm for the pharmaceuticals sector has reached such a pitch that highly adventurous forecasts of Beecham's profits for the year to March were being taken seriously in the City yesterday. As it was, Beecham produced a very respectable advance of 34.1 per cent to £201.9m pre-tax and the shares, after an early spurt, closed 1p up on the day at 279p.

After several years in which Beecham has been held back by a strong pound, exchange rates have moved strongly in its favour. Translation gains alone account for £13.5m of the profits improvement and there has also been a considerable benefit to export margins on mature, price-sensitive drugs.

Index rose 1.7 to 586.8



Earnings growth from pharmaceuticals outstripped consumer products last year to produce trading profits of around £105m. Beecham is touchy about criticism that the UK launch of Augmentin has been less than a roaring success but there is a general consensus that Amoxil, a more mature anti-biotic, is enjoying a new lease of life in Europe and the Far East. This alone may keep profits from drugs moving faster than consumer products in the current year.

But, with the launch of its anti-arthritic drug still at least 18 months off, Beecham is leaning heavily on toiletries to provide the excitement. A wide range of products was launched in the U.S. last year at a time when Aquafresh toothpaste was under heavy attack from Colgate and Procter and Gamble. The cash generated by more established products was just sufficient to push profits ahead in dollar terms.

Beecham's profits will probably advance less rapidly than Glaxo's over the next few years but its shares yield 4.2 per cent compared with only 2.3 per cent at Glaxo.

Electronic Rentals

The weakness of Electronic Rentals' share price—which has under-performed the All-Share by almost a third over the past year—would normally discourage the company from making a rights issue, particularly as it is reporting rather static profits for the year to March in which net cash flow increased by a mere 2.1 per cent to £58.2m.

Since girding itself up to buy British Relay at the end of 1978 however, Rentals has been chronically in need of fresh equity, with gearing of 122 per cent in the latest accounts. And the VCR boom, supplemented by other approaching developments in consumer electronics, has been threatening to stretch the balance sheet still further.

The acquisition of London & Montrose seems to provide quite a neat solution. From Rentals' point of view, buying an investment trust for paper issued at a discount of about 10½ per cent will raise more money than a conventional 1 for 1 while the dilution of Philips, Rentals' largest shareholder, is probably not an undesired consequence. For holders of L & M the terms are better than they would have got under the unitisation previously planned. Treating the subordinated loan from Philips as debt, Rentals' debt/equity ration will finish up at about 50 per cent, after an increase in issued capital of 28 per cent at most.

Discount houses

Discount houses can still go bust, but only in the most gradual and majestic way. That should be one result of the Bank of England's new rules governing the size and composition of the houses' books. There has been long-standing concern that the old limit on total assets of 30 times a house's net worth had become too crude in a period of sharply variable capital values.

Shape matters as well as size—and now assets are divided into four classes, with the more volatile carrying increasing weightings for risk. So although a house may now run an "adjusted total book" of 40 times total resources, medium-dated gilts, for example, now count five times over towards the total; whereas a one-month Treasury bill only counts once. The extra weightings for risk may only make up 15 times the house's resources.

The new rules would have prevented Smith St Aubyn's catastrophe in 1981 in two ways — first, Smith would not have been allowed to run such a big gilt-edged book; second, it would have had to cut its losses as it went along.

This is because from now on a reduction in the capital base is immediately reflected in the maximum permissible size of the total book. There is clearly a danger that a house right up to its multiplier in a falling market will be a forced seller with distressing and cumulative effect — it will no longer have a couple of months to make the adjustment. Conversely, on a rising market, the houses will have more room to expand their book (if they can finance it) day by day.

In practice it would probably be impossible for the houses all to decide to run a very short book (with no risk weightings) and leap straight from the 30 to the 40 times multiplier—the extra £2bn or so of finance required would be hard to come by. But there is clearly a larger market capacity for carrying bills.

Small modifications to the definition of capital base are designed to ensure that it precisely identifies those resources available to absorb losses. Property counts for more—which is good news for Union, which can now gear up on 80 per cent of its £5m property revaluation. In general the new rules are not going to worry any of the conservatively-run houses; they will make it harder, though, for a small house to grow big through playing the long tap.

BP

BP's first quarter figures confirm the impression already given by Shell. The weakening in crude prices has caused a dramatic swing into stock losses—the movement in BP's case is £480m — and a substantial deterioration in historical cost earnings.

But, on a replacement cost basis, BP has advanced from earnings of £28m to £102m despite the persistence of heavy losses in downstream and chemical operations. Downstream margins are now looking slightly more healthy this quarter and stock profits will reappear but the real money is still being made in Soho. The shares closed 2p lower at 314p yesterday.

E. Germany buys grain from Bonn

By Leslie Colitt in Berlin

EAST GERMANY has bought 175,000 tonnes of grain in West Germany, after being unable to get supplier credits from French and U.S. banks for grain deliveries. The unusual sale reflects the growing difficulties East Germany is having in obtaining Western loans, about 40 per cent of its estimated $12bn (£6.7bn) debt being due for repayment by the end of 1983.

The deal with West Germany was made possible by a DM 850m (£200m) swing credit which East Germany receives annually from West Germany. The interest-free credit allows East Germany to overdraw its barter trade account with West Germany up to that amount.

This vital credit is to be cut to DM 200m at the end of this month if there is no agreement to renew it. East Germany's urgent need of the swing facility, in view of its difficulties in obtaining credits in the West, appear to make a compromise likely.

Grain dealers in Hamburg said yesterday that East Germany purchased the grain — winter wheat and barley—from West Germany last month to tide it over until its own harvest this autumn. In recent years, East Germany has imported some 3m tonnes of grain annually, mostly from the U.S.

East Germany failed this year to obtain a $350m loan from Western banks. It has been reported since as trying to obtain two-year credits for grain imports, while banks offered one-year maturities.

Meanwhile, the West German Institute of Economic Research yesterday said in a report on East-West German trade that East Germany will continue its export drive in West Germany, to reduce further its accumulated trade deficit with the federal republic. That fell to DM 3.7bn at the end of last year.

In the first three months of this year, East Germany achieved a surplus of DM 300m in its goods trade with West Germany. The report contrasts with recent bearish reports on the East German economy by several Western banks.

East German trade with other Western countries and the Soviet Union has been deeply in deficit in recent years. The institute said Western banks had grown considerably more cautious about lending to East Germany.

Bank of England tightens rules on discount house operations

BY PAUL TAYLOR

THE Bank of England yesterday issued tighter rules over the UK discount houses which will restrict the risks that these City institutions are allowed to take.

Although the new rules have been under discussion for 18 months, the revelation earlier this year that fast-growing discount house Smith St. Aubyn lost £20m in the nine months to the end of 1981 on its gilt-edged operations has highlighted the risks facing the discount houses.

Through their role as a buffer between the Bank and the general banking system the discount houses are large operators in the bill and money markets. The new rules cover the size and structure of the book of assets, that the 12 houses can carry, and introduce a weighted scale related to the risk involved in holding particular assets.

The discount houses mainly operate by borrowing sterling on a short-term basis from the commercial banks and investing the funds in a variety of short-term assets such as Treasury, trade and local authority bills. Until now they have been allowed to purchase assets up to 30 times their capital and reserves.

Under the new system, which is designed primarily to ensure that the discount houses can cover any losses they may sustain if the value of their assets drop, they will be allowed to carry assets up to 40 times their capital base, but the type of assets they hold will be more tightly controlled.

In addition to the overall limit, the Bank is insisting that the houses restrict their purchases of longer-term and therefore higher risk assets, such as gilt-edged stocks.

Such assets count more than once towards the overall total, and the additional risk-weightings they carry may not exceed more than 15 times a house's net worth.

The Bank, in consultation with the houses, has constructed a complex system for establishing capital bases and for weighting the respective additional risks of all assets other than short-term bills.

In this way the Bank is attempting to ensure that the discount houses maintain prudent business practices at all times and do not expose themselves to risks which they could not meet if investments failed.

The new arrangements were broadly welcomed by the houses yesterday. Mr David White, a managing director of Cater Allen, said he was "quite happy" with the new rules which were "a sensible evolution of the system."

Mr Roger Gibbs, chairman of Gerrard and National, said the rules were a formalisation of good working practices, "perhaps a little more restrictive but some might say that was necessary."

Continued from Page 1

U.S. urges

of the IMF and central banks, he added.

Mr Regan is confident that the study would bear out the conclusion of the Reagan Administration that intervention should only take place in times of major disruption in exchange rates. If this did not prove to be the case, Washington would be *prepared to "reconsider"* its policy, he conceded.

After a meeting between President Reagan and President Francois Mitterrand of France, U.S. officials said there had been agreement on economic objectives although the two men had started from different philosophical bases. The objectives were to cut inflation, unemployment and excessive government spending.

Mr Alexander Haig, the U.S. Secretary of State, spoke of the "unusual relationship of intimacy and mutual confidence" that Mr Reagan and M Mitterrand had developed, suggesting that a very special relationship was emerging between Washington and Paris.

Mr Haig said that the two Governments had no differences on the Falklands conflict. Mrs Thatcher is due to discuss the topic with Mr Reagan this afternoon. Both France and the U.S. agreed that aggression should not be rewarded and had stressed their long-standing, historical links with the UK, he said.

Both countries wanted an immediate end to bloodshed, however. The U.S. remained committed to the Security Council Resolution 502 and wanted to see "manifestations of a withdrawal, by Argentine forces," Mr Haig said.

BP

Continued from Page 1

strengthening of the dollar against local currencies. Oil is normally priced in dollars.

There were signs that plant closures within the European chemical industry were beginning to accelerate, BP added.

This should bring supply and demand more into balance.

BP shares closed last night at 314p, 2p down, after having risen to 320p immediately before the results were announced.

Continued from Page 1

Leaflets

from the Stanley area concerned military actions on Monday or Tuesday, as reported by journalists with the British troops, much may have happened since.

It seems clear that Adm. Woodward and Gen. Jeremy Moore and Brig Julian Thompson, the land commanders, have been given orders to take Port Stanley when they feel they can do so with the greatest likelihood of success and least loss of life.

It was being pointed out in Whitehall yesterday that military rather than political factors will determine their decisions. They have apparently not been asked to delay an attack to give time for any new diplomatic initiative.

The weather could be causing delay. It was believed to have inhibited low flying by Harriers, and particularly by helicopters supplying the force.

Meanwhile, the Government has indicated that it may reconsider the sale to Australia of HMS Invincible.

Mr Malcolm Fraser, the Australian Prime Minister, offered to cancel the deal, if Britain wished to retain the carrier after the Falklands crisis. Mrs Margaret Thatcher thanked him yesterday for his "typical generosity."

Weather

UK TODAY

WARM and humid with thundery showers.

S.W. England, Wales
Cloudy with thundery showers. Max 22C (72F).

N.E. Scotland, Orkney, Shetland
Sunny periods. Max 16C (61F).

Rest of UK
Sunny intervals, with scattered thundery showers. Max 27C (80F).

Outlook: Little change.

WORLDWIDE

	Y'day midday	°C	°F		Y'day midday	°C	°F
Ajaccio	C	25	77	L. Ang.†	F	13	55
Algiers	C	24	75	Luxmbg.	F	24	75
Amsdm.	S	26	79	Luxor		—	—
Athens	C	25	77	Madrid	C	19	66
Bahrein	S	35	95	Majorca	C	23	73
Barclna.	C	21	70	Malaga	C	22	72
Beirut	F	24	75	Malta	F	26	79
Belfast	F	20	68	M'chstr.	F	25	77
Belgrd.	S	27	81	Melbne.	C	11	52
Berlin	S	31	88	Mx. C.†		—	—
Biarritz	C	22	72	Miami†	R	25	77
Bmghm.	C	23	73	Milan	F	28	82
Blackpl.	F	23	73	Montrl.†	F	10	50
Bordx.	C	23	73	Moscow	F	22	72
Boulgn.	C	18	64	Munich	S	27	81
Bristol	F	25	75	Nairobi		—	—
Brussels		—	—	Naples	S	27	81
Budpst.	F	29	84	Nassau		—	—
Cairo	S	29	84	Nwcstl.	F	24	75
Cardiff	F	24	75	N York†	F	18	64
Cas'b'ca	F	20	68	Nice	C	26	79
Cape T.	S	20	68	Nicosia	F	23	73
Chicg.†	R	7	45	Oporto	F	17	63
Cologne	F	26	79	Oslo	S	25	77
Cpnhgn.	S	26	79	Paris	C	23	73
Corfu	F	23	77	Perth	F	19	66
Denver†	C	9	48	Prague	S	29	84
Dublin	F	18	64	Reykjvk.	F	11	52
Dbrvnk.	F	27	81	Rhodes	C	11	52
Ednbgh.	S	22	72	Rio J'o†		—	—
Faro	F	23	73	Rome	S	27	81
Florence	F	32	90	Salzbrg.	S	28	82
Frankft.	S	28	82	S F'cisc†		—	—
Funchal	C	18	64	S. Moritz		—	—
Geneva	C	22	72	Singapr.	F	32	90
Gibraltar	F	24	75	S'tiago†		—	—
Glasgow	F	23	73	Stcklm.	S	27	81
G'nsey	S	21	70	Strasbg.	S	28	82
Helsinki	S	24	75	Sydney	R	11	52
H. Kong	C	25	77	Tangier	F	21	70
Innsbrk.	F	28	82	Tel Aviv	S	25	77
Invrnss.	S	21	70	Tenerife	S	19	66
I.o.Man	Fg	18	64	Tokyo	R	24	75
Istanbul	F	22	72	T'ronto†	C	8	46
Jersey	Fg	23	73	Tunis	F	28	82
Jo'burg	S	18	64	Valencia	C	22	72
L. Pims.	S	21	70	Venice	S	29	84
Lisbon	F	22	72	Vienna	S	28	82
Locarno	S	26	79	Warsaw	S	28	82
London	C	24	75	Zurich	S	26	79

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny.
† Noon GMT temperatures.

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